AMAZON HQ2 NATIONAL SITE SEARCH – BOYD MEDIA INTERVIEWS

The Boyd Company, Inc.
Location Consultants
Princeton, NJ
Unlocking the Amazon HQ2 Mystery: Here's What You Need to Know

More than 200 cities have applied. Here's are some facts and figures to consider while the world waits for the e-commerce giant to make a decision.

Last month Amazon announced it will be building a second company headquarters--dubbed "Amazon HQ2"--somewhere in North America, inviting city and state leaders to submit proposals which were due October 19. It's a huge opportunity considering this second headquarters is expected to bring with it as many as 50,000 jobs and tens of billions of dollars' worth of investment in whatever community the online ecommerce behemoth chooses.

Here's everything you probably are wondering about the project, according to John Boyd, Jr., principal of the site selection firm The Boyd Company, Inc., in Princeton, New Jersey, which boasts clients including Boeing, Chevron, Pratt & Whitney, PepsiCo, Visa International and more.
Why does Amazon want a second headquarters?

Amazon is one of the fastest-growing companies in the U.S., expanding beyond its booming e-commerce business and getting into additional sectors like media, fashion, food and beverages, publishing, IT, and soon the pharma and medical devices fields. It is bursting at the seams at its current headquarters in Seattle. Amazon's HQ2 will offer the company a new center of gravity to attract and recruit a workforce rich in skill sets in these industries.

What criteria does Amazon have for the city it picks?

Amazon wants to be in a large metropolitan area of at least a million people with a highly educated and diverse workforce. The company also prioritizes public transit and being near a major airport with nonstop flights to major U.S. and global markets. It also wants to feel that the city it chooses is prepared to be a "partner" in this trophy project--the largest in the history of economic development--and invest in things like infrastructure and job training programs.

What cities most closely align with Amazon's criteria?

I expect the leading contenders to be: Newark, Chicago, Dallas, Boston, Atlanta, Philadelphia, and the Washington, D.C., metro area, including Virginia's Fairfax County and Maryland's Montgomery County. These are all high-growth markets with excellent air service, strong incentive programs and workforces rich in IT and C-suite management skill sets.

Are there any wildcards Amazon might be looking at?

An interesting candidate would be South Florida, given the Sunshine State's business climate, the lack of a personal income tax, strong in-migration trends and lifestyle amenities that transferees would likely find appealing. Rick Scott, one of the most successful U.S. governors in terms of business attraction, has made landing Amazon a major focus during his last months in office. In South Florida, Amazon would be able to tap into a multi-lingual workforce--a radically different center of gravity versus Seattle--and that may be a powerful draw considering the company's focus on Latin American and European growth. South Florida also has the Brightline transit system linking Orlando to Miami. This exponentially expands the labor market with skilled and multi-lingual workers and will link employers to research institutions, technical schools and diverse real estate options for a growing company such as Amazon.

Toronto also may be on Amazon's radar. It's a magnet for global talent, offers a booming IT sector, a world-class airport in Pearson International and a highly developed public transit system. The most populous city in Canada also provides Amazon CEO Jeff Bezos a platform to discuss immigration and free trade (major lobbying priorities of his in Washington, D.C.). Canada has a much more liberal and progressive immigration policy compared to the U.S. and is more in-line with Bezos' progressive world view. Toronto's nationalized health care is
another consideration. There is no free lunch in Canada and taxes there are higher. However, the corporate health care cost burden under the Canadian one-payer system is significantly lower—roughly 20 percent lower, in fact, than in the U.S. This would translate into hundreds of millions of dollars of savings for Amazon given the enormous size of the HQ2 workforce.

Pittsburgh is another. Just as Amazon is leveraging the site selection process to help transition its brand away from traditional e-commerce and towards innovation, Pittsburgh in recent years has transitioned its brand away from old line manufacturing and towards IT. The city's tech sector today is red-hot and home to Google, Uber, Microsoft, and Apple. Amazon itself currently has a large presence in the region in nearby Crafton. The region's labor market produces over 40,000 degrees a year, distinguished by Carnegie Mellon's world class reputation and the University of Pittsburgh, the third largest university in Pennsylvania. And while transit has never been a strong suit of Pittsburgh, it's worth nothing that Pittsburgh International Airport (ranked as a Top 10 airport this year by Conde Nast) is undergoing a $1 billion renovation this year. Pittsburgh also enjoys a lower cost profile versus Philadelphia and has many potential sites for Amazon to consider. It may not hurt Pittsburgh's chances that Jeff Wilke, CEO of the e-commerce giant's consumer business, is a Pittsburgh native and has deep ties to the community.

When will Amazon announce which city it chooses?

The applications were due October 18. Amazon expects to make its decision sometime in 2018.

What will be happening in the meantime?

Just as Amazon is leveraging the high-profile site search for a myriad of benefits (the PR, the marshalling of incentives, influencing state and federal legislation, and kick-starting infrastructure projects in markets that they currently operate their 200 fulfillment centers), the cities applying to Amazon have a platform to make their case to a national site-seeking audience. Economic development success is about the steak and the sizzle—the PR lasts forever and savvy economic development leaders understand this.

In Missouri for example, Governor Greitens is talking about the HyperLoop that will connect St. Louis to Kansas City to make the case that the Show Me State is futuristic and IT-focused. In South Florida, economic development professionals in high-growth Miami, Ft. Lauderdale and Palm Beach County have a platform to talk about the new Brightline Transit system linking Orlando to Miami and the benefits of being a pro-business state with a diverse and multilingual labor pool.

In addition to the PR benefits of being in the discussion for Amazon's HQ2, the application process allows cities to forge relationships with Amazon officials that could lead to Amazon projects in the future or even lead to Amazon encouraging its suppliers or vendors to locate a facility in that market. This is especially true for large states with sizable congressional delegations like California, Florida, New York, Texas, Illinois and Pennsylvania. Amazon is a
company with a long list of lobbying priorities and as a company expanding into a number of highly regulated industries like healthcare and media, it wants as many friends on Capitol Hill as possible.

**What are the downsides to being chosen?**

There will clearly be some inflationary cost pressures in the housing market given the huge employee base required by Amazon - some 50,000 workers - and the fact that the winning city will be absorbing a large in-migration of new workers and their families. That said, that negative will be far outweighed by the economic stimulus that the new HQ will generate.

***Amazon is the 5th largest company in the U.S. and Jeff Bezos is the second richest man in America, worth over $80 billion. How are tax incentives appropriate?***

It's important to remember that much of the incentive money goes beyond traditional tax credits, but also to new infrastructure development and workforce training programs. These are investments in a region's ability to attract new industry and compete in the highly competitive world of economic development. Amazon wants to select a city for HQ2 prepared to be a "partner" and willing to invest in these areas.

Economic development in 2017 is super competitive. We call it "The Second War Between the States" and we believe incentives are a necessary evil, especially in high-cost markets like New Jersey, Boston, the D.C. metro area and Chicago. Until lawmakers first do the heavy lifting and make government less costly (by doing things like pension reform, consolidating services and cutting red tape and taxes) then business incentives are necessary for high-cost states to compete in today's highly competitive economic development arena.

Regardless of what tax breaks Amazon will be awarded by the winning city, Amazon and its highly paid employees will contribute millions into the tax coffers in the form of income, sales and property taxes. It will represent a huge economic stimulus to the winning metro area. The retail sector will get a much-needed boost as well as the hotel and convention sector, not to mention a major infusion to the philanthropic community and local charities. The new HQ will also be the catalyst for major new home construction across the board from suburban tracts, to condos to apartments to re-purposed homes in inner city redevelopment projects. This range of new housing stock will mirror the wide range of jobs at the Amazon head office - from clerical and secretarial support to techies right up to the executive suite.

**How many cities have applied?**

Amazon says 238 cities have applied to be chosen for its HQ2.
How will HQ1 be affected?

While I expect Amazon to maintain a large presence in Seattle, the city needs to come to grips and recognize its challenges to a growing Amazon. We would not be surprised to see future HQ growth to its new location rather than in the more difficult Seattle market. Seattle has one of the most anti-business, ultra-progressive city governments in the country. It is pushing for a millionaires tax even though Washington's state constitution prohibits a personal income tax. It has been a leader in anti-business social legislation in areas like minimum wage and paid leave. Also, Seattle presents challenges for Amazon from a national recruiting standpoint. It is a city that transferees either love or hate--there is no middle ground. The cost of living and housing costs have skyrocketed in recent years fueled by the phenomenal growth of its high tech and go-go sector firms like Amazon, Microsoft, Expedia and Starbucks. One area for lawmakers in Seattle to focus on is creating new incentives to promote re-purposing of vacant industrial, office and retail space for affordable housing.

The opinions expressed here by Inc.com columnists are their own, not those of Inc.com. Published on: Oct 25, 2017
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,” Jeffrey P. 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.” (Bezos also owns The Washington Post.)

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.”

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 President Trump’s immigration bans, and earlier this week was among hundreds of tech leaders who urged him to reconsider his stance on the “dreamers” immigration program.
Amazon is taking bids from cities for its HQ2, a $5 billion second headquarters. 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."

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.

It added that 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. 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.

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. 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."

Trump has also criticized Amazon in the past, including incorrectly claiming that the company doesn't pay taxes. "Amazon is doing great damage to tax paying retailers," he wrote on Twitter this month. "Towns, cities and states throughout the U.S. are being hurt — many jobs being lost!"

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.

Hamza Shaban contributed to this report.
To win Amazon, Philly elites need to open up

by Joseph N. DiStefano, Staff Writer – Sep 18, 2017

Corporate-location adviser John Boyd, who has helped Boeing, Dell, Hewlett-Packard, JPMorgan, Samsung, and other global companies scout big new sites, claims “no biases” in handicapping Amazon’s search for a 50,000-worker office center. He puts Philadelphia on the short list, with downtown Atlanta, Austin, Boston, Chicago, Dallas, and suburbs around D.C., in south Florida, and central New Jersey.

Amazon wants a tech recruiting center: “Talent is the dominant factor,” Boyd told me from his office in Princeton Friday. “Expect Drexel president and Philadelphia Chamber of Commerce chairman John Anderson Fry to play a role here – a common denominator of successful cities around the country today is having mayors and governors work closely with business-oriented university presidents like Fry in its industry-attraction efforts.”
It helps that the city’s airport, Amtrak, and I-95 tie Philadelphia to New York and Washington — the nation’s capital is “a critical site-selection variable today given the politicization of site selection today and Amazon’s laundry list of lobbying activities,” Boyd said. U.S. Sen. Bob Casey’s quick pitch to Amazon in support of Pennsylvania “was wise in this regard.” The fact that the region has three state congressional delegations likely to back Amazon in its Washington fights — and three state governments who are proven billion-dollar corporate-concession-granters — should strengthen Philly’s case.

And unlike other East Coast cities, Philadelphia has good sites to build. Amazon plans 8 million square feet — enough to fill eight high-rises or office parks. The Navy Yard, the railroad land next to Drexel and Amtrak, the former factory districts of North Philadelphia, and sites in Montgomery, New Castle, and Camden Counties could fit that, with room to spare.

Of course, the fact we have space to build reminds us of the city’s chronic slow growth and the challenges that have long cost Philadelphia its old lead among U.S. cities:

- **Slow government.** The people elected and appointed to run things, despite their claims to support growth, like things the way they are, with them in charge. City Council is notoriously hands-on and tends to drag out or sink initiatives that members perceive as a threat to personal power. Planning, zoning, historic review, and councilmanic prerogative can stop or slow big projects.

- **Taxes.** Though Amazon Web Services makes a lot of money, Amazon shipping barely breaks even. Philadelphia’s gross-receipts tax and Pennsylvania’s high corporate tax rate discourage coming here. The state and city are eager to make exceptions for the big and well-connected: On Thursday, Councilman David Oh proposed exempting “megabusinesses” such as Amazon from business income tax for 10 years.

- **What will Comcast do?** As the largest private employer here since the banks, factories, and railroads left town, Comcast benefits from the city’s affordable wages, offices, and metro housing. But Amazon plans *five times* Comcast’s city workforce, inflating prices and threatening Comcast’s advantage. And Comcast, like Amazon, needs engineers. Philly has an undersized software sector. Amazon could swamp it.

- **Labor.** Union wages aren’t the problem — skilled labor is scarce everywhere, but its solid medical and retirement plans cost more.

What would Philly gain if it wins? Jobs, commerce, demand for better housing, restaurants, schools, and amenities, and a flood of new public revenues — if not from Amazon, which has squeezed lucrative benefits from Pennsylvania for its many upstate warehouses, then from 50,000 new wage- and sales-tax-paying workers.

But, again, plenty of Philadelphians like the city and its arcane business-and-government relationships just the way it is, because they benefit. Will they stand aside to please Amazon?
Maybe a high-profile Amazon pitch will open Philly minds to the benefits of growth, so ambitious young people don’t have to keep leaving town.

“Even if Philadelphia does not win this trophy project, it is an opportunity for the city to promote itself as being open for business,” Boyd told me. “Economic development today is about both the steak and the sizzle.”
For Amazon’s HQ2, Atlanta will be among top candidates, experts say

Plus, a poll: How do you honestly feel about Atlanta’s chances of winning the corporate Olympics?

By Josh Green - Sep 18, 2017

“Here Bezos, Bezos, Bezos ...” SCAD Atlanta
It’s being called the Olympics of corporate relocations, and those in the know think Atlanta has a good shot at winning.

E-commerce behemoth Amazon is courting offers from cities across North America before picking a site for its second headquarters. Dubbed HQ2, the project could eventually house up to 50,000 jobs—with average salaries today of $100,000—making it an equal to Amazon’s $4-billion urban campus in Seattle, per an announcement earlier this month.

Observers far and wide are saying the ATL could suit Amazon’s needs as well as any city, all things considered. The Atlanta Journal-Constitution and others report the State of Georgia could dangle a $1-billion carrot of incentives before Jeff Bezos’ nose, despite warnings from Seattle observers that actually landing HQ2 would detonate a “prosperity bomb” of rising rents and other ill effects.

Then again, hooking the whopper that is Amazon could reshape intown Atlanta.

CNN Money likes Atlanta’s chances, shortlisting the city among eight good fits for Amazon and noting: “Atlanta has the advantage of being a major air travel hub that’s within a two-hour flight from 80 percent of the U.S. population.”

An analysis by Brookings is also optimistic—although realistic. “Atlanta is intriguing: its sprawling physical development may be disqualifying,” writes Brookings’ Joseph Parilla, “but the city provides a combination of a deep white-collar labor pool, supply chain technology capabilities, Georgia Tech, and a relatively low cost of living.”

Bloomberg slotted the Big Peach among this shortlist of six: Toronto, Boston, Washington, Atlanta, Dallas, and Denver.

And more recently, Bisnow picked the brain of John Boyd, principal of The Boyd Company—an international leader in corporate site selection, based in New Jersey—who said Atlanta will likely be “among Amazon’s top five considerations.”

Sure, Atlanta is burdened with the sticking point that is traffic congestion, but Boyd pointed out a positive not many others have mentioned yet. Writes Bisnow:

“A big lure for corporations to Atlanta and Georgia are both government’s solid credit ratings and its balance of liabilities with pension programs. Boyd said companies are looking more critically at factors like a city’s credit rating and property taxes when evaluating potential headquarter or major corporate presence locations. Georgia has a AAA credit rating among the three big ratings agencies and Atlanta’s credit rating had been upgraded last year to one of the highest.”

Cities have until Oct. 19 to submit proposals to Amazon, which will reportedly pick the winner next year.
Poll

_Honestly, how do you like Atlanta’s chances of landing Amazon’s HQ2?_  

- It’s a long shot, but we’ve got a lot to offer, so I’m hopeful.  
- We’ve got this. Seriously.  
- Too many other qualified cities. Doubtful.  
- It’s not gonna happen, y’all.  
- Cost of living is getting ridiculous—last thing we need is 50,000 high-paying salaries.  
- I don’t know, but this would be the best thing ever for A
Chicago will bid for Amazon's second headquarters — and its 50,000 jobs

Ryan Ori and Lauren Zumbach - Reporters, Chicago Tribune – September 7, 2017

Chicago is trying to lure Amazon's second headquarters, which could bring as many as 50,000 jobs. There are only a handful of sites in the city that could handle the 8.1-million-square-foot project.

Chicago is chasing one of the country's largest corporate headquarters deals in years, joining what is sure to be a fierce competition to land Amazon's second headquarters.

The city plans to respond to Amazon's request for proposals for the new 50,000-employee campus, said a spokesman for Mayor Rahm Emanuel.

Emanuel "has spoken with (Amazon founder and CEO Jeff) Bezos several times about picking Chicago," said the spokesman, Grant Klinzman, in an email.

The Seattle-based e-commerce giant on Thursday said it plans to invest more than $5 billion to create a second headquarters in another North American city, with buildings potentially totaling
more than 8 million square feet and creating 50,000 jobs over the next 10 to 15 years. The positions will pay an average of more than $100,000 annually, Amazon said.

Amazon said "HQ2" will serve as a second headquarters of equal importance to its current 33-building, 8.1 million-square-foot Seattle campus.

"This is the Cadillac of corporate headquarters," said John H. Boyd, principal of The Boyd Co., a Princeton, N.J.-based corporate site selection consultancy. "This is the white-collar project of the decade," Boyd added.

One advantage for Chicago is the availability of viable development sites. Within North America's most densely populated cities, there are relatively few big, well-located sites that could accommodate Amazon's vision.

Chicago candidates could include almost 60 acres of riverfront land developer Sterling Bay has been assembling on the North Side — which includes the former A. Finkl & Sons steel plant site — and Related Midwest's vacant, 62-acre parcel along the river in the South Loop. Both developers already are drawing up multibillion-dollar developments of those sites.

Another large, mostly vacant site is the 49-acre former Michael Reese Hospital property in Bronzeville, which had once been proposed as the Olympic village as part of Chicago's bid for the 2016 Summer Games. A group of developers, including Draper & Kramer and Farpoint Development, has been chosen by the city to redevelop the site south of McCormick Place.

One existing building that could be proposed is the former old main post office along the river and Congress Parkway. The long-vacant, hulking structure is only about one-third the size of Amazon's eventual requirement, but the property includes land that could be developed with additional buildings. New York-based developer 601W Cos. already has begun extensive construction work as it seeks office and retail tenants.

In pursuing Amazon, Emanuel is trying to build momentum of recent years in which the city has lured headquarters from the suburbs and from out of state. Chicago's list of recent or planned relocations includes McDonald's, Kraft Heinz, Conagra Brands, Archer Daniels Midland, Motorola Mobility, Hillshire Brands, Beam Suntory, Gogo and Motorola Solutions.

HQ2 is in an entirely different realm, though, because of the combination of the sheer size of the deal and Amazon's standing as one of the world's most ubiquitous brands.

Consider, by comparison, Motorola Mobility's move to more than 600,000 square feet in the Merchandise Mart in 2014. Then-parent company Google's decision to move Motorola Mobility downtown from Libertyville remains among the largest new office leases in downtown Chicago of the 21st century, and one of the largest shifts of jobs within the area in decades. That deal brought about 2,000 jobs to Chicago, about 4 percent of Amazon's eventual HQ2 total.
Amazon’s list of suitors is likely to be long, and other cities and states are likely to offer generous incentive packages that will be difficult for fiscally challenged Chicago and Illinois to match. "The initial cost and ongoing cost of doing business are critical decision drivers," the company said in a description of the search process.

The highly public manner in which Amazon announced its search for a second headquarters suggests the company will place a high value on the incentive packages, said Ron Starner, executive vice president at Atlanta-based Conway, a corporate expansion and relocation consultancy that publishes Site Selection Magazine.

"They've grabbed a giant bullhorn and announced to the world, 'We want to maximize incentives,'" he said.

Illinois Gov. Bruce Rauner recently said he plans to sign a bill to extend the state's corporate tax incentive program, EDGE — short for Economic Development for a Growing Economy — after it expired in May.

Sarah Schwartz, marketing and communications manager at Intersect Illinois, the state's nonprofit economic development arm, declined to comment on the Amazon project, but said the state "has a wonderful relationship with Amazon" and "plans to pursue any project that could benefit Illinois and its people."

Experts cite the state's political dysfunction, pension liabilities and taxes as key shortcomings in attracting big employers.
Chicago will bid for Amazon's second corporate headquarters in North America, a project that could bring as many as 50,000 high-paying jobs. The Seattle company's Sunnyvale, Calif., offices are pictured here.

Yet Chicago remains a low-cost alternative to many coastal cities when it comes to expenses such as wages and real estate costs.

Amazon "is going to follow the money," said James Shein, professor of strategy at Northwestern University's Kellogg School of Management.

But incentives aren't the only factor. Corporations tend to relocate where their top executives want to live, Shein said. "The living style is excellent here, and that's critical," he said.

The company didn't name any potential locations, saying only that it will consider urban or suburban locations in metropolitan areas of at least 1 million people in a "stable and business-friendly environment."

Amazon said it will consider sites in and around urban areas with access to international airports, major highways and public transportation. The description matches technology centers such as San Francisco and Silicon Valley, major cities such as New York, Chicago, Los Angeles, Toronto and a large number of other metro areas in North America.

"We expect HQ2 to be a full equal to our Seattle headquarters," Bezos said in a news release. "Amazon HQ2 will bring billions of dollars of up-front and ongoing investments, and tens of thousands of high-paying jobs. We're excited to find a second home."
Once the new campus is created, executives can choose to have their teams located in Seattle, the new headquarters, or both, the company said.

Through its investments in Seattle from 2010 through 2016, Amazon said it has added $38 billion to Seattle's economy.

The company said it is asking cities and metropolitan areas to turn in requests for proposals by Oct. 19, and plans to choose a location next year. Municipalities can propose multiple potential sites, which could include existing buildings, vacant land or a combination.

Bidders should "think big and creatively when considering locations and real estate options," the company said.

In the first phase, Amazon would move into at least 500,000 square feet of space in 2019. The campus' footprint would expand to as much as 8 million-plus square feet in several construction phases extending "beyond 2027," according to Amazon.

Amazon has more than 380,000 worldwide employees, including more than 40,000 at its Seattle headquarters.

Amazon has more than 200 employees in a downtown Chicago office, and recently enlarged the space to make room for another 200. The company also has distribution centers throughout the Chicago area and the state. Amazon recently said it expects to have more than 8,000 workers in Illinois by the end of 2018.
Chicago can land Amazon's second HQ, but it won't be easy, experts say

Ryan Ori and Lauren Zumbach, September 8, 2017

North American mayors, governors and economic developers are sure to be working overtime in the coming months, following Amazon's announcement that it is seeking a second headquarters city where it can create 50,000 new jobs.

Chicago's Rahm Emanuel confirmed he's among those mayors already making his case to Amazon CEO Jeff Bezos to bring the transformational deal to the Midwest's unofficial capital.

It's likely to be one of the most hotly contested headquarters competitions in decades. The e-commerce giant's mere announcement on Thursday has sent hearts aflutter among politicians, urbanists, real estate brokers and developers — and, yes, journalists.

So, is Chicago a legitimate contender?

Yes, for sure, according to a sampling of experts. But they emphasize that Chicago will face plenty of able competitors, and the city and state will need to overcome hurdles, including some of their own making.

Here, the experts handicap the competition:

John H. Boyd, principal of The Boyd Co., a Princeton, N.J.-based corporate site selection consultancy

Short list: Chicago; Washington, D.C.; Austin, Texas; Dallas; Atlanta; Boston

• "Companies don't like to be pioneers, and there's a strong precedent for successful head office moves to Chicago."

• "Amazon is gaining a presence in other industries that are highly regulated by the government. ... The notion of access to K Street lobbying interests (in D.C.) would be something that would be considered."
• "Atlanta has a very positive business climate, with low operating costs for a market of its size. A head office in Atlanta would be anywhere from 20-25 percent less expensive than Seattle, and there’s a robust incentive program."

• "Boston went through this attracting the GE headquarters about a year ago, so they have their game plan together, along with the intellectual capital at the universities."

Richard Florida, professor and director of cities at University of Toronto's Rotman School of Management's Martin Prosperity Institute; co-founder and editor-at-large of The Atlantic's CityLab; author of several books including "The Rise of the Creative Class"

Short list: Washington, D.C.; Toronto; Chicago; Denver; Philadelphia

• "The biggest predictor of headquarters location is where the CEO has a house. Bezos bought a $23 million one in D.C., and he also owns The Washington Post."

• "They want urbanity, as well as a good airport."

Mark Sweeney, senior principal with Greenville, S.C.-based site selection and economic development consultancy McCallum Sweeney Consulting

Short list: Atlanta, Chicago, Dallas, Boston, New York
"(Atlanta, Chicago and Dallas) have some of the best air service east of the Rockies, and that's very important. International air service is also an indicator of an international business community, international population, and the ability to recruit from a global standpoint."

Raymond Walker, Atlanta-based executive vice president and national director of site selection services at commercial real estate brokerage Colliers International

Short list: Atlanta, Dallas, Houston, Phoenix

"They will definitely be looking for a younger-type population, where people with technical backgrounds are entering the workforce from higher education."

"A big issue is going to be the business climate and what the tax policies are, both at the municipal and state level. While Chicagoans may think they're a great location to land a project like this, their budget problems and tax issues would suggest they're not going to be as competitive as areas like Atlanta or Dallas. That doesn't mean they can't mitigate issues those with an incentives package, but they're inherently at a disadvantage."

Steve Weitzner, principal with Silverlode Consulting, a Cleveland-based site selection and economic development consulting firm

Short list: Chicago, Denver, Atlanta, New York, Toronto
• "(The millennial) generation is deciding where they want to live first, then where they want to work. Even Amazon isn't going to get people to move to a place that isn't on their radar."

• "They're going to get 50 proposals, so it will be important to do something memorable to make that impression where people around the table go, 'This is really something that's different.'"
Nevada to join competition for Amazon’s 2nd headquarters

Keith Earnest, executive vice president of VanTrust Real Estate LLC, left, and North Las Vegas Councilman Richard Cherchio speak during a tour given of the newest Amazon warehouse that is under construction at Northgate Distribution Center in North Las Vegas

By Wade Tyler Millward - Las Vegas Review-Journal - September 7, 2017

Nevada will enter the fray to persuade Amazon to open a second company headquarters locally. Amazon announced Thursday that it will scout for buildings at least 500,000 square feet in size and undeveloped sites that measure about 100 acres.

Representatives of the Governor’s Office of Economic Development and the Las Vegas Global Economic Alliance said they will work together on a package for Amazon.
“We have a very solid relationship with Amazon,” said Steve Hill, executive director of the state agency.

“Our goal is to compete for projects on all levels,” LVGEA CEO Jonas Peterson said. “We believe our community has a great product to offer headquarters-related projects."

Amazon began fulfilling orders out of its North Las Vegas industrial building in August. Tax incentives helped to recruit a local presence for the Seattle-based company.

The technology giant announced Thursday that it plans to hire as many as 50,000 full-time workers. 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,” Jeffrey 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.”

**Seeking proposals**

Amazon is seeking proposals from local, state and provincial government leaders, and it 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.”

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 President Donald Trump’s immigration bans, and this week he was among hundreds of tech leaders who urged Trump to reconsider his stance on the Deferred Action for Childhood Arrivals program.

“The fact that Amazon is even considering Canada and Mexico shows how important politics has become in the site-selection process,” said Joyn 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.”

**Top contender**

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. Other areas he thinks are likely: New Jersey, South Florida, northern Virginia and 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.”

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.

It added that the location does not need to be in an urban or downtown location, or a development-prepped site. However, the site should be within two miles of a major highway and have access to mass transit. 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.
Amazon’s $5B second headquarters will offer 50,000 jobs, and Utah may bid for it

But the state faces big obstacles to attract the huge project.

In this June 18, 2014, file photo, Amazon CEO Jeff Bezos walks on stage for the launch of the new Amazon Fire Phone, in Seattle. Amazon on Thursday announced it was looking for a place to build its second headquarters.

By Tom Harvey – September 7, 2017

They don’t have much time, but Utah officials say they will looking at whether Utah might put in a bid to host the huge new headquarters that Amazon announced on Thursday. The Seattle-based company said it is looking to construct a second corporate headquarters in North America
that would be at least 500,000 square feet, hold 50,000 new full-time employees and cost $5 billion. Proposals are due by Oct. 19.

Val Hale, executive director of the Governor’s Office of Economic Development, said the state is “very interested in Amazon’s public request for proposal for a second headquarters in North America, and we are eager to evaluate the opportunity.”

Amazon, or any company, Hale said in a news release, “would be smart to look at Utah and what we have to offer.”

Still, 50,000 employees is a lot for the Wasatch Front metropolitan area where tech companies already are straining to hire enough employees to fill their needs.

Amazon said its location preferences are:

- Metro areas with more than 1 million people.
- A stable and friendly business environment.
- The ability to attract and retain strong technical talent.
- Communities that “think big and creatively” about location options.

The company also set out its ideal site and building requirements:

- Within 30 miles of a major population center.
- Within 45 minutes of an international airport.
- One to two minutes from major highways and arteries.
- Access to mass transit.

Experts say the company’s decision is likely to be as much about politics as it is about logistics and incentives, The Washington Post reported. CEO Jeff Bezos, who also owns The Post, has been a vocal opponent of the President Donald Trump administration’s immigration bans.

“The fact that Amazon is even considering Canada and Mexico shows how important politics has become in the site-selection process,” John Boyd, a Princeton, N.J.-based location consultant, told The Post.

Boyd’s shortlist of top contenders include Toronto, where it is easier to hire foreign workers than in the United States; New Jersey; South Florida; northern Virginia; and Atlanta. Amazon recently announced it was building a large warehouse in Salt Lake City to fulfill orders and that it would lease a warehouse in West Valley City. The state offered the company a $5.6 million tax rebate for the Salt Lake City project.

Last year, the state was involved in a bid to bring a Facebook data center — and 50 to 300 jobs — to West Jordan. That data center was awarded to New Mexico after Utah’s potential $260 million in tax incentives never materialized.
Amazon’s second HQ: Why U.S. immigration policy makes Canada a frontrunner

by Monica Nickelsburg on September 8, 2017

Amazon’s wishlist for its second headquarters in North America includes “a stable and business-friendly environment,” “locations with the potential to attract and retain strong technical talent,” “a diverse population, excellent institutions of higher education, local government structure and elected officials eager and willing to work with the company.”

As officials have been quick to point out, many cities across the U.S. fit the bill. But of all those domestic suitors, none are impervious to the unpredictable immigration agenda that the Trump administration is pursuing.
If Amazon selects a Canadian city, it can check the boxes on its list, protect its immigrant employees, and benefit from the country’s pro-immigration policies that are an explicit play to attract international tech talent.

“The HQ2 plan seems to accommodate the expanding workforce of the company, and it seems that incentives offered by the new locality will play some role,” said Lola Zakharova, a Seattle-based immigration attorney who works with corporate clients.

“Still, if the choice falls on a Canadian city, it would indicate that immigration considerations probably weighted heavily in driving that decision, and it is hardly surprising,” she added. “The tightening of immigration rules under Trump’s ‘Buy American, Hire American,’ ... not only impede corporations ability to hire and retain the best talent, but also results in additional legal costs. [Wednesday’s] announcement on rescission of DACA does not help either — companies rely on their Dreamers to continue driving innovation in tech.”

Toronto is a strong candidate, known for producing top technology talent. It was ranked as the second-best city for the quality and value of its technology workforce in a 2017 CBRE report. The lakeside city produced Shopify, Kik, and Wealthsimple, and it supports a vibrant startup ecosystem.

Toronto Mayor John Tory is already making a play for Amazon’s HQ2. “We should be bidding for this and be very, very competitive and I’m in the midst of talking to the other governments to make sure that’s what we do,” he told Toronto publication The Star.

**Related: How President Trump could make Vancouver, B.C., a tech boomtown**

“Bezos’ and Amazon’s world view on immigration and globalism fit well with Canada — which has recently negotiated important free trade deals with Europe and Asia,” said John Boyd, a consultant specializing in corporate relocation and site selection. “This contrasts with the current ‘America First’ policy under the Trump administration. Canadian Prime Minister Trudeau has emerged as the leading standard bearer for globalism among leading Western nations. Toronto’s Pearson International Airport is world-class and easily links the city with major U.S. and overseas business centers. Toronto’s proximity to New York City and New England would also provide a new center of gravity for the company to recruit talent and innovators that do not wish to live/work in Seattle.”
Amazon already has a Toronto outpost with a staff of 600 and is looking to add an additional 200 employees to the office, according to The Star. But despite those compelling factors, Boyd doesn’t think Toronto will be the ultimate choice. Still, even discussing Canada as an option could advance Amazon’s political agenda.

“Even if Toronto is not selected as the new HQ, (and I don’t believe Toronto will ultimately be chosen), just by virtue of it being on the short list provides Bezos a platform to talk about immigration reform, an issue near and dear to his heart,” Boyd said.

Vancouver, B.C. is also a viable candidate, a mere three-hour-drive from Amazon’s original Seattle headquarters. Amazon already has a satellite office there, as do Microsoft, Facebook, and Twitter; and Vancouver is the birthplace of billion-dollar companies like HootSuite and Slack — the latter moved its HQ to San Francisco but still has a big presence in B.C. It also offers many of the West Coast lifestyle benefits that attract members of the tech world.

Amazon has been actively engaged in legal challenges to the Trump administration’s immigration policies, filing briefs in lawsuits over the president’s controversial travel ban and more recent DACA repeal. The company says it has employees that were impacted by both actions and that a hostile climate to immigrants hurts its recruiting efforts and business operations.
Canada, on the other hand, has a number of policies that encourage skilled international talent to immigrate to the country. The government offers tax incentives to encourage research and development, provides funding and support for technological development, and has a specific immigration avenue for international investors. Canada also recently launched a Global Skills Strategy visa program to make it easier for companies to bring in skilled talent from other countries, according to Axios.

Canadian Prime Minister Trudeau was already extolling the benefits of tech investment in Canada at a Microsoft Summit in Seattle earlier this year. As Amazon looks for a new city to plant its flag and hire 50,000 workers, the stars may be aligning for Canada — and it could lead to an entire country vying for HQ2.
5 reasons Nashville will land the Amazon HQ (and 2 reasons why it won't)

Getahn Ward, USA TODAY NETWORK – Tennessee Sept. 8, 2017

Online retailer's existing presence here is a positive along with Nashville's location and business-friendly climate with no state income tax, but there are transit and workforce challenges.

Story Highlights

- Nashville's geographic location in the Southeast and within the central time zone should complement Amazon's existing Seattle headquarters.
- Tennessee ranks as the nation's lowest tax state.
- Analysts cite lack of mass transit as perhaps the city's biggest challenge as it prepares a bid.
As Nashville's leaders prepare to pursue Seattle-based online retailer Amazon's planned second headquarters and up to 50,000 jobs, the Music City region clearly has much to offer.

The region's growth and Tennessee's reputation as a low-tax, business-friendly state all bode well, but the lack of mass transit is among issues that also could hurt its prospects.

"I would expect Nashville and Tennessee to be in the hunt," said Bill Fox, an economist at the University of Tennessee Knoxville. "We have a lot of pluses. We're growing fast."

Experts expect Amazon's choice of a location where the retailer would invest $5 billion to create the headquarters to be North America's most significant economic development announcement next year. "It's the holy grail of business attraction," said John H. Boyd, principal in Princeton, N.J.-based location consultants The Boyd Company Inc.

Here are five positive factors for Nashville and two areas of concern regarding its bid:

**On the upside**

**Amazon is already here**

Nashville and Tennessee's existing relationship with Amazon could pay dividends as the city makes its case for landing the planned second headquarters with up to 50,000 jobs.

The online retailer has more than 2,500 local employees at warehouses in Murfreesboro and Lebanon and a sorting center in Nashville. "I don't know if they want to be next to their warehouses, but it clearly shows that they want to be in Tennessee," Fox said.

Adam Bruns, managing editor of Site Selection magazine, sees another positive in Tennessee being one of the first states to workout a sales tax strategy with Amazon. "That's going to help you," he said about the arrangement under which the online retailer collects taxes on items it sells to Tennessee customers and pass them on to the state.

**Location, Location, Location**

Nashville's geographic location in the Southeast and within the central time zone should complement Amazon's existing Seattle headquarters. Half of the U.S. population lives within a 650-mile radius of Nashville, which this year has gained improved connectivity to the West Coast through new nonstop flights to and from Seattle and San Francisco. British Airways also plans in May to start nonstop service out of Nashville to London.

Amazon executives using private jets would have shorter trips from Nashville to cities like New York versus the several hours it would take to fly to the Big Apple from Seattle.
Low-tax state

Full-time employees at Amazon's planned second headquarters are expected to earn average annual total compensation of more than $100,000 over the next 10 to 15 years. Those incomes would face better protection from taxes in Nashville versus some other cities because of the lack of a state income tax or personal or payroll taxes in Tennessee, which UT-Knoxville's Fox said ranks as the nation's lowest tax state.

Additionally, the state's Hall income tax on capital gains is being phased out and Fox said it should be gone by the time Amazon's headquarters is up and running. "We have no inheritance tax, no generational income tax and we’re just a low tax state," he said.

Business-friendly environment/lower costs

A "stable and business-friendly" environment is one attribute of the location Amazon is seeking. In recent years, Nashville and Tennessee have ranked in the top 10 of consumer service company Thumbtack's Small Business Friendliness Survey. Factors cited include ease of starting a business...
and government support of entrepreneurs. Metro and the state are also known for delivering on economic incentives to win major projects and Tennessee has pro-business laws such as being a right-to-work state.

In terms of costs to operate a corporate office, The Boyd Co. considers Nashville one of the least costly major cities. The company puts the annual costs for a hypothetical corporate office occupying 125,000 square feet of Class A space and employing 500 workers at $37.5 million here versus $47 million in San Francisco and $45 million in New York.

Progressive city with popular 'Music City' brand

Nashville’s Mayor Megan Barry's reputation as a progressive who champions causes such as gender equality should appeal to Amazon. The city's strong Music City brand and growing appeal as a destination for young people also should help its cause.

"It has a lot of culture, it has a vibrant night life, it has professional sports and natural amenities like lakes, bike trails and walking trails — the kind of place young people would want to live," UT-Knoxville economist Matt Murray said about Nashville.

Randall Gross, a Nashville-based economic and development consultant, cites the city's recent streak of landing corporate administrative, processing and other back-office functions as a positive if those are the kind of roles Amazon plans for the headquarters.

Brian Moyer, CEO of the Nashville Technology Council, said the local technology workforce is already growing at one of the fastest rates in the country. "Adding a new Amazon headquarter would only bolster the attractiveness of our city as we recruit new tech talent," he said. "The strength of our health care industry could also be a determining factor based on Amazon’s recently revealed interest in that sector.

Possible hurdles

Workforce

Once known as the “Athens of the South,” the Nashville area has 18 colleges and universities with 123,000 students enrolled and roughly 30,000 annual graduates. That provides a strong base along with proximity to the Fort Campbell military post for Amazon to recruit employees for its second headquarters.

However, Memphis-based site selector Mike Mullis has questions about whether Nashville can meet Amazon's needs or develop the workforce of up to 50,000 people that the retailer is targeting. "Several larger population Tier One cities will be making proposals," he said, adding such locations are better able to meet significant long-term workforce needs.
UT-Knoxville's Fox, however, said companies such as Amazon would normally draw many of the needed employees from elsewhere. In addition, he sees the growing state's reputation for innovations in education with programs such as Tennessee Promise and Tennessee Reconnect improving its college graduation rate.

"When you look at headquarters, you're not making a decision just for 2018, you're making a long-term decision," Fox said. "As a business, you're looking not just at where a state is but where it's going and Tennessee is making great progress in education."

**Transit**

In its request for proposals for the headquarters site, Amazon listed among core preferences mass transit including direct access to rail, train, subway and bus routes.

Even as Nashville's pursues a $6 billion transit plan that includes light rail, analysts cite lack of mass transit as perhaps the city's biggest challenge as it prepares a bid. "We certainly are concerned that our current transit system does not meet the needs of the public now and for the future, which is why the Mayor is working to develop a transit plan based on the nMotion Strategic Plan which will be presented to the public later this year and hopefully the voters next year," Barry's spokesman Sean Braisted acknowledged.

Other observers, however, note that Nashville isn't alone with transit challenges. "It's not a strong point, but you have to say this: 'there's no perfect location," said site selection consultant Boyd of The Boyd Company. "You bring to the table a positive business climate, an up-and-coming brand, low costs of doing business and attractive operating costs."
Atlanta likely in consideration for Amazon's $5 billion "HQ2"

September 7, 2017
Urvaksh Karkaria, Staff Writer

Seattle Internet juggernaut Amazon.com Inc. (Nasdaq: AMZN) is on the hunt for a second headquarters site.

Dubbed "HQ2," the more than $5 billion development will bring with it 50,000 jobs, Amazon said Thursday.

“We expect HQ2 to be a full equal to our Seattle headquarters,” CEO Jeff Bezos said in a statement.

To put the scope of the project in context: Amazon’s Seattle headquarters sprawls across 8.1 million square feet, includes 33 buildings, and employs 40,000.

Atlanta, a Fortune 500 headquarters cluster and rising tech hub on the East Coast, will certainly be looked at.

The Georgia Department of Economic Development declined comment Thursday.

An Amazon headquarters would transform Atlanta’s landscape and turbo-boost real estate development already in overdrive. Amazon has been a catalyst for development in downtown Seattle and for the redevelopment of South Lake Union and Denny Triangle.

The HQ2 plans call for developing up to 8 million square feet in three phases over the next 15 years-to17 years.

The first phase will involve an up to 1 million square-foot building to be developed by 2019, according to a filing by Amazon. The company is considering greenfield sites of about 100 acres,
infill sites and existing buildings with on-site mass transit and within 45 miles of an international airport.

"Amazon will prioritize certified or shovel-ready greenfield sites and infill opportunities with appropriate infrastructure and ability to meet the project’s timeline and development demands."

Amazon is looking for cities with strong local and regional talent — particularly in software development and related fields.

Amazon is seeking a "development-oriented" market, site consultant John Boyd Jr. said.

“Atlanta should be the on the short list,” Boyd said. “Any competent site search for headquarters will look at Atlanta.”

Other contenders include Tampa and the Miami area, Boyd said, citing Tampa's new waterfront development and Miami's Brightline project.

The Brightline, a high-speed train service between Orlando and Miami, "is going to be a game-changer in the region's ability to attract new headquarters because of the expanded and bilingual workforce," the New Jersey-based consultant said.

By publicly announcing its intentions to build a second headquarters and opening a Request for Proposals (RFP), Amazon is positioning itself to get the best incentives deal as cities and states will now race to harpoon this economic development whale.

“This is a new model that we’re seeing emerge in terms of high profile HQ site selection process,” Boyd said.

Amazon will use the site selection process to not just squeeze incentives, but spur new infrastructure spending and shape state and federal legislative policies.

Atlanta has had success in attracting corporate headquarters, most notably that of Mercedes Benz USA in 2015. Atlanta was also on the shortlist last year to lure General Electric Co.'s (NYSE: GE) headquarters.

While Atlanta offers abundant and relatively inexpensive talent and real estate, and is a low business-cost market, Amazon has a larger presence in other East Coast cities, such as Boston.

Amazon has been bullish on Atlanta in recent years. The company has invested heavily in ringing Metro Atlanta with several warehouses. More importantly, it is silently developing the region into a tech outpost.
In Atlanta, Amazon is building two tech offices. In Buckhead’s Terminus 200 tower, the company has taken about 40,000 square feet and is expanding its Amazon Web Services (AWS) and A9.com visual search teams.

Meanwhile, Amazon has leased nearly 25,000 square feet in an Atlantic Station office tower. Atlanta is said to be building out a Transportation Business Services unit in that location, Atlanta Business Chronicle has learned.

The Transportation Business Services unit is Amazon’s attempt at bringing some of its logistics infrastructure in-house. By doing so, Amazon hopes to squeeze costs from the system, incorporate new technologies and better control the customer service experience.

Amazon is seeking an an applied scientist to join the business unit’s Planning and Forecasting team, according to an Atlanta-based job posting.

“Successful Research Scientists within this group are innovators who...are capable of breaking down complex problems and making data-driven decisions, based on a rapid test and learn approach, that best serve customers. If big data, cutting edge technologies, automation and building intelligent systems excite you, if you love to innovate and deliver results, then we want you to be on our team.”

Amazon’s white-collar expansion in Atlanta is a vote of confidence in the city’s ability to generate a skilled workforce and recruit top sales and engineering talent from around the Southeast.

For HQ2, Amazon said it will consider metro areas with more than one million people. Other site selection factors include a “stable and business-friendly environment”, and urban or suburban locations with the potential to attract and retain strong technical talent.

Amazon said it is seeking “communities that think big and creatively when considering locations and real estate options."

For Amazon, site selection is likely driven by the need to find innovative space in a high-profile city with deep technical talent.

"I don’t know how cost-sensitive this site selection process is going to be," Boyd said. "Finding the right talent seems to be much more important to Bezos."

Amazon’s HQ2 will be a complete headquarters for Amazon – not a satellite office. Amazon expects to hire new teams and executives in HQ2, and let existing senior leaders across the company decide whether to locate their teams in HQ1, HQ2 or both.

The company expects that employees who are currently working in HQ1 can choose to continue working there, or they could have an opportunity to move if they would prefer to be located in HQ2.
Site-selection consultant: Amazon HQ2 is a ‘once-in-a-generation opportunity’

John Boyd's consulting firm, based out of Princeton, N.J., has advised companies like PNC Bank and AT&T on where to set up shop. How's he liking Philly for the massive project?

As Amazon continues its wide-ranging selection process for a new, 50,000-employee headquarters, consultant John Boyd has had a busy week. The head of The Boyd Company, a Princeton N.J.-based firm that helps companies like AT&T, Boeing and PNC Bank pick the most ideal sites for their offices, has given statements to the Washington Post, the Chicago Tribune, the Baltimore Sun — and the list goes on.
Take a wild guess what the outlets have been asking him about. That’s right: Boyd has been riffing over an array of metros as possible sites of Amazon’s HQ2 project: South Florida, Atlanta, North Carolina’s Triangle Park. Boyd stresses he’s mentioned Pittsburgh and Philly as prime contenders to the media thought it hasn’t been included.

“This is ‘the’ project,” Boyd told Technical.ly of HQ2, which another expert suggests might fit on the north end of Philly’s Callowhill area. “It’s a once-in-a-generation opportunity.”

The idea of a second North America HQ that would be equal to the original is unusual, Boyd said, but that speaks to the vast growth Amazon has experienced in a relatively short time span.

In Philly, the possibility of a massive Amazon corporate campus in the City of Brotherly Love so far harvested mostly positive reaction, starting with local government which is unsurprisingly pro. Daily News columnist Will Bunch came out hard against the possibility in an op-ed, whereas the outlet’s editorial board made a call for Philly pols to remain “clear-eyed” in a hypothetical negotiation with Jeff Bezos’ corporate giant.

Through a more objective lense, Boyd starts to go through the shopping list.

“[Philly] fits a lot of the criteria in terms of what Amazon needs: strong university presence, strong skill set in the workforce, a public transit system and proximity to New York and Washington,” the consultant said. “Philly also has enough land and a myriad of attractive options for Amazon, like 46th and Market and the Navy Yard. Also, the North Station District, which has a low cost profile and a lot of warehouses available.”

What’s the counterpoint? Consider the wage tax, Boyd said, and the cost of doing business and a regulatory environment that is less favorable than towns like Atlanta.

“A common denominators [behind successful pitches] is cities that have a mayor and governor that are proactive,” said Boyd. “In recent days we saw Senator [Bob] Casey on how Pennsylvania would be a smart choice for Amazon. Mayor [Jim] Kenney was also been working to put together the case for Philly. That’s what you want to see.”

Roberto Torres became Technical.ly Lead Philly Reporter in May 2016. Prior, he was a freelance contributor to Technical.ly and Al Dia News. The native Venezuelan moved to Philadelphia in 2015 after reporting on research at his alma mater, the University of Zulia. Whenever he’s not fencing deadlines, he can be found standing in line at Overbrook Pizza in West Philly, running Netflix/Hulu marathons with his wife or reading news from Venezuela.
Let Amazon Hike Up Rents Somewhere Else

09/11/2017

John R Burbank, Contributor, Executive Director, Economic Opportunity Institute

Amazon is planning to open a second headquarters (in Amazon speak, HQ2), in another city - not in Seattle. I worry for the city that next falls victim to Amazon, but this is a good thing for Seattle.

We as a city are struggling to catch up to Amazon’s expansion and the influx of many other high tech companies and tens of thousands of employees and contractors. While it has led to an economic boom in Seattle, that boom has primarily benefitted tech workers at the top and left everyone else with higher rents, higher property taxes, traffic congestion and a bitter taste in our mouths.

Amazon has been a sociopathic roommate, sucking up our resources and refusing to participate in daily upkeep. Yesterday, the roommate announced that instead of making us do all of its chores, it will outsource some of its laundry to another city. Good. We are still trying to catch up with the employment boom of the past five years. Amazon is still hiring thousands of new employees in Seattle. After the unexpected announcement that Jeff Bezos and company want to move, Governor Jay Inslee and Mayor Ed Murray have hinted that they are scrambling to find ways to appease Amazon’s desires. Don’t do it. Let them go find more and greener pastures to overgraze. In fact, celebrate it!

Don’t repeat what happened with Boeing, where we gave the company everything it wanted and billions in tax incentives to stay in Washington. What happened? They laid off Washington workers and sent the jobs to South Carolina. Corporations like Boeing and Amazon are not good citizens; they don’t care about us.
With Amazon developing a second headquarters, it gives us a little breathing room to build good mass transit, create affordable housing, and open up pathways into higher education for the future workforce. That is what we need, and that is what Amazon needs for its current and still growing-by-the-thousands-wherever-HQ2-ends-up workforce in Seattle. The local income tax on the very wealthy that the Seattle City Council unanimously passed will help provide the revenues to enable this physical and human infrastructure development. It also makes our tax system more fair, as the rich only pay 2.4% of their income in state and local taxes, while the poor pay 16.8%.

The income tax is facing multiple lawsuits from rich people who don’t want to pay their fair share of taxes. They have already started to say that Amazon’s threat to take some if its employees elsewhere strengthens their case, as they claim entrepreneurs are leaving to escape an insurmountable tax burden. But if anything, Amazon’s threat strengthens our case. Seattle area taxes are dwarfed by income taxes in the vast majority of states and cities in the US, especially those in the IT hubs of the Silicon Valley and Massachusetts. Even with the new Seattle income tax, rich people will still pay significantly less in taxes than almost anywhere else in the country.

Our income tax provides Seattle with needed revenues, creating opportunity for the future, while being completely marginal to any business location decision.
Amazon threatening to leave is just acting like a rich, spoiled child – if the game isn’t played by their rules, they take one of their balls and build a second playfield. From the Seattle Times’ take on Amazon’s press release: “... Amazon’s own list of helpful characteristics for a second headquarters included availability and diversity of housing, as well as access to mass transit, features that are in shorter supply in Seattle these days as the region deals with record housing prices and a traffic crunch.” In short, Amazon comes to Seattle, creates problems, doesn’t help to fix them, then starts to expand elsewhere over problems it created!


John Boyd, a high-priced location consultant, noted that Toronto could be a top contender for Amazon’s new headquarters, because it’s easier to hire foreign workers in Canada than in the United States. This same consultant thinks other likely candidates for Amazon are New Jersey, South Florida, Northern Virginia, and Atlanta. All of these areas – except South Florida – have income taxes, all at higher rates than in Seattle.

Seattle has Amazon, Tableau, Microsoft, Google, Expedia, Facebook, LinkedIn, and a host of other IT cutting edge businesses within our city limits. Amazon creating a second headquarters enables us to make sure we don’t become dependent on one global corporation. That’s what we allowed with Boeing, letting it be a monopoly producer and a monopolistic buyer in the Puget Sound area. Amazon is just slowing down its gobbling up of office space and undertaking new construction.
There is no need for Murray, Inslee or anyone else to kowtow to Amazon with conversations about “their needs.” What our elected public servants in Seattle should do is use this chance to get ahead of the development, population, and business curve with planning, good transit, and accelerated housing. And if you are a bicyclist like me, it would nice to cycle down 7th Avenue and not fear for your life when you pass the never-ending construction around Amazon!
Local Experts From Coast To Coast Weigh In On How Their City Will Land Amazon's HQ2

By Bisnow Team - Sep 12, 2017

Major cities across North America are vying for the chance to house Amazon’s $5B headquarters, and the competition is growing fierce. The tech giant’s multimillion-square-foot campus, dubbed Amazon HQ2, is likely to garner billions of dollars in incentives from the city of its choosing — and there are many to choose from, such as Chicago, Nashville, Philadelphia, Pittsburgh, St. Louis and Toronto. But that is just the tip of the iceberg.
“I don’t think the [50,000-employee] labor pool is going to be the driving force. It’s the quality of life, the transport, the infrastructure, the ‘Will our people be happy here?’ the ‘Do we want to be in the East Coast versus the West Coast since we’re already on the West Coast?’” Colliers International Western Region President Marty Pupil said. “We don’t know what the ultimate driver is for Amazon ... it’s too early to tell.”

The bids in response to Amazon’s request for proposals are coming in hot, and the perks for the chosen city will be unequivocal. Here’s what Bisnow knows about the cities in the running.

**Atlanta, Georgia**

**SOURCE(S):** John Boyd, Principal, The Boyd Co.

**INCENTIVE:** Stellar credit ratings, pension programs

**CHALLENGES:** Traffic congestion

Atlanta is a top contender, and will likely be among Amazon’s top five considerations, New Jersey-based The Boyd Co. principal John Boyd said. Boyd’s firm is a site selection consulting agency and has helped a number of companies evaluate headquarter locations.
A big lure for corporations to Atlanta and Georgia are both government’s solid credit ratings and its balance of liabilities with pension programs.

Boyd said companies are looking more critically at factors like a city’s credit rating and property taxes when evaluating potential headquarters or major corporate presence locations. Georgia has a AAA credit rating among the three big ratings agencies and Atlanta’s credit rating had been upgraded last year to one of the highest.

“There’s a common denominator among states attracting industry today: they tend to be right-to-work states and they tend to have a strong credit rating,” Boyd said. “When we talk about economic development in 2017, it’s the war between the states. That’s how competitive it is today.”

Property taxes also are a big consideration, especially as they affect employees’ cost of living. Boyd noted how when Mercedes-Benz U.S. moved its headquarters from New Jersey to Atlanta, the average executive property tax bill shrunk from $22K per year to $5K per year.

Congestion will be a disadvantage for Atlanta, Boyd said. Atlanta is notorious for its traffic, and was recently ranked among the 10 most congested cities in the world, according to a 2016 study by INRIX, with commuters spending an average of 70.8 hours per year in traffic.

Amazon has put a priority on transit in its RFP, saying potential sites must have some direct access to transit. Atlanta’s main transit system, MARTA, has emphasized transit-oriented development at its stations in recent years. But it remains to be seen if that will be enough to lure Amazon.

— Jarred Schenke
Washington, D.C.

An aerial view of downtown D.C.

SOURCE: Market Research

INCENTIVES: Highly educated workforce, job growth, burgeoning tech scene

CHALLENGES: Expensive land, height restrictions in the District

The nation’s capital has all the fundamentals Amazon is looking for: it has had strong job growth in recent years; it has a highly educated workforce and a burgeoning technology scene that recently ranked third in the country in a Cushman & Wakefield tech cities report. D.C. has a large mass transit system, and while its public transportation system has struggled in recent years, improvement efforts are underway and landing a company like Amazon could be the boost leaders need to come to a long-term funding agreement.

Land in the District is expensive and restricted by height limits, but there is plenty of developable land between D.C. and Dulles International Airport on the booming Silver Line corridor, where Amazon Web Services signed a 400K SF lease earlier this year. If Amazon is looking for a more urban environment, Crystal City could be an option. The Arlington, Virginia, neighborhood next to Reagan National Airport is full of vacant office buildings that newly formed REIT JBG
Smith plans to redevelop. Arlington landed a major corporate tenant in January when Nestlé chose to move its U.S. HQ to Rosslyn.

And if all else is equal, D.C. does seem to have a special place in Jeff Bezos’ heart. Amazon’s CEO bought a $23M house in D.C.’s Kalorama neighborhood in January, and he acquired the Washington Post in 2013.

— Jonathan Banister

Houston, Texas

Downtown Houston skyline

SOURCE(S): Greater Houston Partnership CEO Bob Harvey

INCENTIVE: Plenty of space, affordability

CHALLENGES: Public money tied up in relief effort
Amazon may be considering other cities more seriously, but as we have seen in recent weeks, never count Houston out.

“Houston is well-positioned to serve as the home of Amazon HQ2, a game-changing project we are pursuing aggressively,” Greater Houston Partnership President and CEO Bob Harvey said.

Houston’s budget will be strained by Hurricane Harvey relief efforts in the coming months, making tax incentives and development dollars a hard sell, but economic development research shows financial incentives are rarely the determining factor in a location decision. The right city will have to offer intangibles, which Houston has in spades.

Amazon will not have trouble fitting in to Houston, where it is already moving 4,000 employees to Pinto Business Park. As opposed to coastal cities where finding enough space will be a challenge, Houston has plenty to offer. Whole blocks of Houston’s central business district sit empty or underutilized, ready for development. Amazon will fit in culturally, too. Houston is diverse, eager to work with large companies and offers a stable business environment. As home to NASA and a global hub for engineering, Houston’s large well-educated labor force is just what Amazon is looking for.

— Kyle Hagerty

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Toronto-Ontario, Canada

*Downtown Toronto*
Toronto is becoming the next tech mecca and would offer an East Coast location.

Toronto plans to bid for the second Amazon headquarters and the city could be a prime candidate, according to Mayor John Tory. City leaders are already creating their plan of attack to make Toronto the most attractive of the suitors.

Toronto’s tech industry has been driving the city’s office growth, making the city North America’s fastest-growing tech market. Toronto also has the advantage of being more affordable than other leading tech markets, creating a better bottom-line opportunity for companies, though its cost of living for employees is still expensive.

The city has a large educated workforce, universities, a diverse population and a local government willing to work with the company, Tory said. Ontario leaders hinted they would be willing to extend incentives to the company as they have done for other businesses that have moved to the area.

While office space is tight with minimal vacancy downtown, there are areas of the city with large amounts of developable land.

— Allison Nagel
Portland, Oregon

*Portland skyline*

**SOURCE(S):** Market Research

**INCENTIVES:** Amazon’s existing Oregon presence

**CHALLENGES:** Right next door to Seattle; not enough tech employees

Amazon wants a second headquarters somewhere besides Seattle, so the race among suitors is on. Does Portland have a shot at the prize, a $5B new site employing as many as 50,000 people?

Portland faces some pretty long odds, Oregon Live reports. Larger cities in larger states with larger economies than Oregon’s would naturally have an edge, simply because of how much money they can throw at Amazon in the form of tax breaks or other subsidies.

Also, Amazon’s Seattle HQ is pretty close, and the company might want to look farther away, such as on the East Coast or the Southwest. Portland might also have trouble coming up with that many tech workers, though the city is already attracting them in greater numbers.
Economic development specialists said Portland has a shot despite these factors, explaining Amazon already has a substantial Oregon presence. The retail behemoth has a sortation center in Hillsboro, a complex of data centers in Morrow County and fulfillment centers coming soon in Troutdale and Salem.

— Dees Stribling

San Francisco Bay Area

Golden Gate Bridge

**SOURCES:** Concord Mayor Laura Hoffmeister

**INCENTIVE:** High-quality tech talent

The Bay Area could easily be Amazon’s new headquarters since the company already employs 30,000 workers at various offices, fulfillment centers and research facilities in the market, according to the San Francisco Chronicle. The region also serves as headquarters for tech giants Apple, Facebook and Google. The San Francisco Bay Area has over 300,000 tech
employees already and is reputedly the tech mecca of the U.S. One of the significant challenges to the region is the high cost of housing and the ongoing housing shortage.

San Francisco, which has a handful of large-scale mixed-use developments in the works that could help accommodate any new employees, and Oakland, which offers more affordable office rents, may also consider bids. San Jose, which is already planning a massive Google campus of up to 8M SF, said it will review the RFP closely. San Jose already attracts high-quality talent, has diverse real estate sites, good transit options and great weather, according to San Jose Director of Economic Development Kim Walesh.

Even the East Bay city of Concord, which has a massive 5,000-acre development planned at the former Concord Naval Base, said it will put together a bid. This development will eventually contain 6M SF of office and 12,000 units of housing, which could help sell the city to Amazon.

“Concord is a logical choice for companies of all sizes, especially global brands looking for plentiful office options, often priced at a quarter of what is offered in nearby San Francisco and half the prices in Oakland,” Concord Mayor Laura Hoffmeister said in a statement.

— Julie Littman
Baltimore has two of the most suitable sites on the East Coast for HQ2 in terms of raw land availability. One is in Port Covington, the future site for Under Armour’s massive campus. The second is Tradepoint Atlantic, a 3,100-acre site in Dundalk being fitted for multiple industrial compounds. It certainly has a metro population of the size Amazon will require, even without considering its proximity to Washington, D.C., and Philadelphia. Johns Hopkins is already a prestigious generator of STEM talent in the area.

Sagamore Development, Under Armour CEO Kevin Plank’s real estate company, insists Port Covington has enough room for both UA and Amazon, and has a site as ready for development as the e-commerce giant prefers. Tradepoint has a little more work to do in preparing its site, but has even more room and similarly favorable port and highway access.
However, local business leaders are considerably less than sure that Maryland state officials can provide the tax incentives that Amazon will be looking for in its unprecedented public appeal, and neither Tradepoint nor Port Covington have the on-site public transit that the RFP stipulates. It is entirely possible that a bus line could be in place by the time groundbreaking would start in 2019, but would that be enough?

— Dees Stribling

Chicago, Illinois

Downtown Chicago

**SOURCE(S):** Geoff Kasselman, Executive Managing Director at Newmark Knight Frank

**INCENTIVE:** Chicago’s central location, Amazon already has a cluster of workers downtown.

**CHALLENGES:** Chicago’s and Illinois’ debt and pension fund crises are lingering issues.
Mayor Rahm Emanuel, Chicago’s most visible salesman, has already had several meetings with Amazon CEO Jeff Bezos about establishing the tech giant’s second headquarters in Chicago. NKF Executive Managing Director Geoff Kasselman said the main advantage Chicago has over other markets is a central location, and Amazon may want a flyover state HQ before it decides to expand to the East Coast.

“It’s easy to fly from Chicago to Seattle nonstop from either O’Hare or Midway Airport, and O’Hare also allows people to get anywhere in the world with relative ease,” Kasselman said. He also noted that Amazon already has a significant cluster of workers in the Chicago market, between its area distribution centers and at its corporate offices at 227 West Monroe. Kasselman said Amazon would greatly benefit from Chicago’s network of universities and colleges to attract young talent to the company. And there may be no better selection of large contiguous sites to choose from than those in Chicago. Kasselman said he would bet on the Tribune Freedom Center plant to have the inside track for a Chicago bid, because of its location and its ability to connect River North, River West, Lincoln Park and Fulton Market.

The city and state’s ongoing issues with pension fund liabilities and unpaid bills will be the biggest obstacle to winning Amazon’s new HQ, Kasselman said. But Amazon choosing Chicago would go a long way to fixing both the pension fund and debt crises, locally and in Illinois, and Kasselman said that other states have their own budget problems to contend with.

— Chuck Sudo
Dallas, Texas

*Uptown Dallas*

**SOURCE(S):** Colliers Executive Vice President David Wetherington

**INCENTIVES:** Pro-Business Environment

**CHALLENGES:** Weak Transit System

According to Colliers Executive Vice President David Wetherington, Dallas is a top contender for the new Amazon headquarters site for four reasons:

- Access to affordable labor
- DFW Airport
- Low cost of living
- Pro-business climate

Wetherington said the incentive package is not what will win the day for Dallas because Amazon does not need the helping hand. However, a great incentive package is a gesture of good faith and Wetherington thinks it is important to show Amazon that Dallas-Fort Worth wants it here.
“We have got to do whatever we have got to do; everybody needs to get out of the way. The city needs to come strong. The incentive package will not win the day, but it sure is a great gesture if you put together the best package you ever put together in your life,” Wetherington said.

— Jeremiah Jensen

Los Angeles, California

_Hollywood Sign_

**SOURCE(S):** Colliers International Executive Vice President Nico Viligate

**INCENTIVE:** Amazon Studios is based here

**CHALLENGES:** NA

Los Angeles has a tremendous opportunity here to be competitive and the market is taking the bid under serious consideration. The parameters seem to suggest that Los Angeles hits almost everything that Amazon’s looking for in their HQ2 RFP. It would be a tremendous windfall for the
local economy that would have repercussions that would be so substantially positive throughout multiple avenues of the economy.

Los Angeles’ population, its access to some of the world’s largest ports, light rail and public transportation, diverse economy, multiple airports and our proximity to our airports are all factors in its favor.

“The reality is it’s just tough to quantify at this point and time if there is actually a campus or a facility that exists that can currently house what I would estimate to be more than 7M SF of office space that would be required to accommodate 50,000 employees,” Vigilante said. “So I think every city that’s competing is not only competing with the merits and benefits that those cities and/or regions can provide, there will be a huge challenge for all just to identify where that type of scale and square footage will be placed.”

That is something that Amazon will certainly take into consideration in its evaluation. Los Angeles has not one but two teams, and has some wind at its back with the Olympics, the NFL and now the professional soccer league expanding.

“We just have so many great attributes to offer. I guess my biggest concern is our lack of developable land as well as the cost of housing and our city, historically, being punitive from a business tax issue on corporations,” Vigilante said.

— Karen Jordan
No less than Philadelphia Mayor Jim Kenney sounded the call to action after Amazon’s RFP, and Philly looks to be all-in on wooing the company. It is certainly a large enough metro area, and it is nestled between Washington, D.C., and New York, access to which Amazon prioritizes. Throw in over 100 colleges and universities in the region, and the potential talent pool rivals that of any city.

Philly has two likely areas that it will push for its proposal in the Navy Yard and University City. The former has all the development-ready land that Amazon requires, and it is in a Keystone Opportunity Zone, which provides serious tax abatements. It relies on buses for public transit, however. Meanwhile, University City’s Schuylkill Yards and uCity Square development projects,
with prime access to both Philly’s biggest universities and its subway line, could potentially be combined for a development offer similar to the multisite headquarters Amazon has in Seattle.

Though Pennsylvania’s tax incentive programs are capped below levels other states may be able to offer, state and local officials will do everything in their power to bring together every available program to benefit Amazon.

“[State and city tax credits and loan programs are] based on the number of jobs created and projected investment, which Amazon would probably exceed the allowed amount for,” City of Philadelphia Senior Deputy Commerce Director Duane Bumb said. “But in this case, we’d work closely with the state to identify if there are additional financial tools that could be made available, such as capital grants, low-interest lending or something that could serve a large development program.”

— Matt Rothstein

Boston, Massachusetts

Boston skyline over the Charles River
SOURCE(S): Colliers International Director of Research Aaron Jodka, Urban-Brookings Tax Policy Center research associate Megan Randall

INCENTIVE: Highly educated workforce, already somewhat of an East Coast hub for Amazon, convenient international airport, extensive public transportation

CHALLENGES: High cost of living, lack of available space

Boston has the most educated workforce in the country, a 15-minute commute to its rapidly expanding international airport, and an exploding tech scene that already counts Amazon as a growing corporate presence.

“When you look at Boston, it’s an innovation, technology and education hub,” Urban-Brookings Tax Policy Center research associate Megan Randall said. “It’s not a hard sell.”

Boston Mayor Martin Walsh has built a reputation of luring several high-profile companies into the city under his watch. While he has said there is no better East Coast city for Amazon than his, he also noted the company should not expect a bidding war. Boston and the Commonwealth of Massachusetts put a $150M incentive package to land General Electric, but the megadeal may not have even mattered, Randall said. Research suggests real economic activity is not responsive to changes in taxes, and bigger factors like infrastructure, workforce and education are beyond a state’s control. Boston has all three, which could be the city’s trump card in luring HQ2.

As for finding 8M SF, Colliers International Director of Research Aaron Jodka said this is the equivalent of every converted, rehabbed and new construction office and lab property in the Seaport dating back to 1988. This is not a deterrent. Increasing height and density at proposed developments around South Station, the Abbey Group’s Exchange South End and Fairmount corridor, or North Point in Cambridge, provide room to grow with transit access.

— Cameron Sperance
Austin, Texas

Austin skyline

**SOURCES:** Market Research

**INCENTIVE:** Apple already here, high-tech focus

**CHALLENGES:** Limited incentive money, no current city manager, congestion

Amazon and Austin. Austin and Amazon. It rolls off the tongue, especially with that recent acquisition of Whole Foods. And there’s much to like in Texas, in general, and Austin, specifically: a high-tech culture, a ready university partner, a synergy of high-tech headquarters and a local team that has landed deals like Samsung and Merck. There’s also plenty of land between Austin and its neighbors Round Rock and San Marcos, ripe for development. San Marcos just landed a distribution hub for Amazon.

The downside is that Austin may be a bit too small for Amazon. The airport is still a small hub, compared to neighboring Houston and Dallas. Congestion is a downside to Austin as well, clogging roadways that provide too few routes in and out of town. And City Council — currently
without a city manager — has gotten a reputation for being tone deaf to the new sharing economy, kicking Uber and Lyft to the curb in a contentious public vote.

Texas, in general, can claim no income tax, but property taxes are plenty high. And the legislature has been on the fence about the state’s incentive programs, adding little money to the Texas Enterprise Fund in the last handful of sessions.

— Kimberly Reeves

New York City, New York

Statue of Liberty, New York

**SOURCES:** Market Research

**INCENTIVE:** Highly educated workforce with a depth of tech talent, plenty of shovel-ready development sites, robust public transit system, close to two international airports, most populous city in the U.S.
CHALLENGES: New York is among the world’s most expensive places to do business, both for employers with the city’s taxes and employees because of sky-high housing costs.

New Yorkers like to say they live in the greatest city in the world, and when it comes to housing major corporations, it is hard to disagree. More Fortune 500 companies are headquartered in New York than anywhere else, it has more workers than any other city competing for Amazon’s affection, and that includes tech workers. New York Building Congress CEO Carlo Scissura, who represents the city’s construction interests, told Crain’s New York Business Amazon “should not waste time looking anywhere else.”

Amazon chief Jeff Bezos will play the field, however, and he will likely find the field less appetizing for one simple reason: costs. New York City will cost Amazon the most to build a new headquarters, with the highest construction costs in the world. New York’s housing is famously expensive and its transit system, while robust, is replete with problems that will not be fixed by 2019 when Phase 1 of HQ2 is expected to open. With a wealth of major companies already in the Big Apple, it is unlikely Mayor Bill de Blasio and Gov. Andrew Cuomo, who have feuded publicly for years, would team up to offer an incentive package to compete with cities like Denver or Atlanta, for which Amazon would be a more powerful catalyst.

— Ethan Rothstein
San Diego, California

Downtown San Diego

SOURCE(S): Mayor Kevin Faulconer; Gary London, London Group Realty Advisors

INCENTIVE: Access to international markets and space to build

CHALLENGES: West Coast, high cost of living

San Diego Mayor Kevin Faulconer has directed the San Diego Regional Economic Development Corp. to develop a regional response to Amazon’s RFP for HQ2. A statement from the mayor’s office cited San Diego’s geographic proximity to international markets, unparalleled quality of life and well-educated, tech-savvy talent pool. San Diego County has 11 universities and four-year colleges, including three major universities and two law schools, as well as 13 two-year colleges. Real estate consultant Gary London, of London Group Realty Advisors, said the city could accommodate an Amazon headquarters in downtown, which has 80 developable blocks available, or at the 166-acre Qualcomm site in Mission Valley.

— Patricia Kirk
Denver, Colorado

*Denver skyline*

**SOURCE(S):** The New York Times, Mayor Michael B. Hancock

**INCENTIVE:** Solid job market, the right skill set among the workforce

**CHALLENGES:** Other markets have strong tech bases

Though Amazon is mum about where its second headquarters will be, the retail giant has said it wants a metro area where job growth is strong, the workforce has the right tech skill set and is growing, the quality of life is high, workers can easily get around and out of town, there is space for development and local governments that are willing to pay to play.

Through a process of elimination, the New York Times determined that metro Denver best meets this criteria. Officials in Denver have already jumped at the opportunity to be in the running for the new Amazon headquarters.
“This is a mega prospect and we have already initiated conversations with our economic development partners at the state and regional level to thoroughly consider the best possible fit for Denver and the region,” Denver Mayor Michael B. Hancock said.

— Dees Stribling
Baltimore — and Maryland — to vie for second Amazon headquarters

Amazon has opened the search for a second headquarters, promising to spend more than $5 billion on the site. - September 7, 2017

Both Baltimore City and County quickly raised their hands after Amazon announced Thursday it is searching North America for a second headquarters site that could eventually employ 50,000 people.

The Seattle-based e-commerce giant’s hunt for a second home sparked interest from many cities and likely will result in a bidding war as governments offer subsidies to lure the company.

“This will be the most coveted headquarters project in the history of site selection,” said John Boyd, a principal at The Boyd Co. Inc., a corporate site consulting firm in Princeton, N.J.

Amazon issued a public call for proposals Thursday, saying it wants an initial 500,000 square feet of space, preferably in an urban or suburban area, with access to major highways, airports, public transportation and a robust technology workforce. The company expects to eventually invest $5 billion in a project it calls HQ2 that could span 100 acres with up to 8 million square feet of building space.

"We expect HQ2 to be a full equal to our Seattle headquarters," Amazon CEO Jeff Bezos said in a news release. "Amazon HQ2 will bring billions of dollars of up-front and ongoing investments, and tens of thousands of high-paying jobs. We're excited to find a second home."
With its proximity to major international airports and interstate highways, a strong network of universities and one of the highest concentrations of technology workers in the country, the Greater Baltimore area could be a contender for Amazon’s expansion, local officials said.

But the region won’t be alone in clamoring for the retail giant’s business. Within hours of Amazon’s surprise announcement, Boston, Chicago, Dallas, New York and Philadelphia joined a chorus of cities suddenly wooing the massive project.

Closer to home, Washington, D.C., where Bezos, who also owns The Washington Post, recently purchased a $23 million mansion; Northern Virginia, with its newly extended Metro line; and Montgomery and Prince George’s counties also will likely be contenders.

Proposals are due Oct. 19 and Amazon plans to choose a location next year.

Local and state officials are aware the competition will be tough, but said the economic opportunity Amazon offers is worth the fight.

“It’s going to be a 50-state competition for it, but we want to make sure Maryland has its hat in the ring,” said Steve Pennington, managing director of business and industry sector development at the Maryland Department of Commerce. “We think it’s a great opportunity and we think we can be well positioned for it.”

Baltimore Mayor Catherine Pugh said the city will “pursue this opportunity aggressively to make a compelling case for Baltimore City as its second headquarters location.”

Gov. Larry Hogan pointed to Maryland’s central Mid-Atlantic location, with access to a top port on the East Coast and a major metropolitan airport, and his efforts make the state more business-friendly, by cutting taxes, regulations and fees as selling points that could woo Amazon.

“We were successful with one big, million-square-foot Amazon deal already,” Hogan said, “and we’re going to try to convince them that we’re still the place to look.”

In 2015, Amazon opened a 1 million-square-foot fulfillment center on Broening Highway, near the port of Baltimore, with a $43 million incentive package from Maryland and Baltimore. At least 3,000 people work at the fulfillment center and a nearby sorting facility, but that’s one of dozens of such facilities Amazon has around the country.

Hogan said he’d welcome Amazon “anywhere they want to go,” but said he would prefer to see the retailer set up shop in a part of the state where jobs are needed most, such as Baltimore.

As the state weighs its options for Amazon, “Baltimore County is right in the game,” said County Executive Kevin Kamenetz in a statement.
Local officials and developers already are making lists of Baltimore-area sites that could be contenders.

Kamenetz floated Tradepoint Atlantic at Sparrows Point, Greenleigh at Crossroads in White Marsh and Spring Grove in Catonsville as possible sites.

In the city, Port Covington is at the top of everyone’s list.

Under Armour CEO Kevin Plank’s private development firm Sagamore Development Co. largely owns the South Baltimore site and plans a $5.5 billion redevelopment with 14.1 million square feet of mixed-use development to be built over 25 years, anchored by a new campus for the athletic apparel company. The project is supported by a $660 million public financing package from Baltimore.

Sagamore President Marc Weller said the property has the capacity to accommodate Amazon and the firm will work with state and city officials to “aggressively pursue this opportunity.”

"More than any other place in the country, Baltimore City and Port Covington would be a perfect home for Amazon’s second corporate headquarters,” Weller said in a statement. “Along with Under Armour, having another major innovative company’s headquarters at Port Covington would be a huge boon for Baltimore City and its workforce.”

Other possibilities in Baltimore could include Sagamore-owned Westport, State Center, MetroWest and the Old Town Mall, said Kirby Fowler, president of the Downtown Partnership of Baltimore.

“The city itself fits all the characteristics they’re looking for in terms of accessibility, cost of doing business — everything else they’ve listed in the RFP, we think we’re very competitive,” said William H. Cole, President and CEO of the Baltimore Development Corp., the city’s economic development agency.

Finding the right location is only part of the battle. If Baltimore wants to win over Amazon, the region needs to prove it can produce enough workers and offer employees a desirable place to live.

“The other part of the proposal is selling Baltimore,” said Al Barry, a Baltimore-area real estate development consultant. “It’s not just geographic — it’s also the education, the workforce, which I suspect is going to be almost equally important to the geography and real estate.”

The second headquarters is expected to house some 50,000 engineers, software developers, executives and administrative personnel, with an average annual wage of $100,000.

Applicants are required to detail their area’s education system and technology workforce capabilities.
State and local officials say Maryland may be uniquely positioned. Long home to government agencies and contractors that serve them, professional and technical workers account for about 28 percent of the state’s workforce, according to federal labor statistics. About 40 percent of Maryland residents over age 25 have a bachelor’s degree and 18 percent have a graduate or professional degree, making Maryland’s among the most highly educated state workforces.

“We have all the natural assets that would make this work,” Cole said.

Amazon also will consider housing options, crime, cost of living and the quality of life that would be available to prospective employees.

“We want to invest in a community where our employees will enjoy living, recreational opportunities, educational opportunities, and an overall high quality of life,” the request for proposals reads.

The winning suitor will need to not only offer up a site that meets Amazon’s long wish list of features and an impressive incentive package, said the consultant Boyd, but be able to elevate the company’s brand as a forward-thinking technology company.

“This isn’t going to be cost driven. Operating costs matter, but for a project of this scale and for a company of Amazon’s resources,” he said, “it’s more about the brand and the talent and the panache of this new address.”

News of Amazon’s request for proposals had the entire region buzzing about its potential to boost economic development here.

Harford County Executive Barry Glassman wasn’t sure whether the county had the right spot for Amazon but said a deal anywhere in the region could benefit the county and create opportunities for businesses in Harford County.

“It puts this area on the map as a place to do business,” said Julie Mussog, president and CEO of Anne Arundel Economic Development Corp. “It would just be a real game changer for Maryland.”

City Councilman Eric T. Costello, whose district encompasses Port Covington, said the reason to go after the Amazon headquarters was a short one: “50,000 jobs.”

“The prospect of having 50,000 new jobs here would be incredible,” he said. “It would change the city.”

Costello said he expects almost every major city in the country will be competing to get the project and he compared Amazon’s unusual approach to the process for applying to host the Olympic Games.

“It would be crazy not to go after that opportunity,” he said.
Site consultant: Charlotte should be considered for $5 billion Amazon HQ project

Sep 7, 2017

Site selection expert John Boyd Jr. says Charlotte will definitely be considered for a second headquarters for Amazon although he didn't include the Queen City in his list of "strong front runners" for the proposed $5 billion project.

"Charlotte will be considered," says Boyd, principal at The Boyd Co. Inc. of Princeton, N.J. "I think it will be looked at surely. Any competent site selection company would consider Charlotte for a project like this."

On Thursday, Amazon.com (NASDAQ: AMZN) announced that it wants to build a 50,000-employee "HQ2" along the East Coast that would give executives an option to base their staffs either in Seattle or the planned second headquarters. The Seattle headquarters includes 33 buildings with 8.1 million square feet of space, employing more than 40,000 people. About $3.7 billion in capital investment has been made in building Amazon's headquarters.

Boyd says one could argue Charlotte could be included in a preliminary list of leading contenders for HQ2. His list includes Boston, Atlanta, South Florida, Jersey City, N.J., and Toronto.

"They are the really strong front runners," Boyd says.

Mark Sweeney, senior principal at McCallum Sweeney in Greenville, S.C., agrees with Boyd, saying he believes Amazon CEO Jeff Bezos is looking for a larger metropolitan area for the company's next headquarters.

"They're looking for populations that are very large," Sweeney says. Sweeney notes that McCallum Sweeney hasn't been contacted to assist in the Amazon site search.

From a real estate perspective, there are plenty of opportunities in and around the Charlotte region to develop such a substantial project. Planned developments on the horizon are expected to contain a significant amount of office space — for instance, up to 8 million square feet is called for in River District in west Charlotte over a 30-year period.
"We certainly have the available land, and we certainly have local developers who have the capacity to handle it, so we should be in contention for it," said Anne Vulcano, senior vice president at CBRE's Charlotte office. "There are people who have consolidated a bunch of land that would be able to put (Amazon) in a logical location."

Vulcano continued, noting that if Amazon were to look at Charlotte, they could establish a campus nearly anywhere and be a market maker — even in less bustling submarkets north of uptown.

But being in close proximity to the Blue Line Extension would likely be a critical factor for a user like Amazon. The requests for proposals on Amazon's site indicate the company's core preferences are to be within 30 miles of a population center, 45 minutes of an international airport, no more than 2 miles from major highways and arterial roads, and direct access to mass transit.

"If you're looking at a developer that wants to build a 100,000-square-foot building, going north might be a little premature," Vulcano said. "If you're looking at someone who wants to build 1 million square feet, you're going to set the market."

The initial phase of Amazon's second headquarters calls for at least 500,000 square feet of space, with the potential for up to 8 million total beyond 2027.

Amazon already has a fairly significant presence in and around the Queen City. Just last month, the e-commerce giant announced it was developing an $85 million, 1 million-square-foot distribution center in Kannapolis that would employ 600 over the next five years. It has another 225,000-square-foot distribution center in Concord as well as a 500,000-square-foot center on Old Dowd Road in Charlotte.

Commercial real estate sources previously told the Charlotte Business Journal that Amazon had also recently signed a smaller deal at Wilkinson Commerce Center. Amazon also has air-cargo service at Charlotte Douglas International Airport.
Amazon in D.C.? 8 journalists who predict the tech company may choose the nation’s capital

Washington, D.C., is seen as a strong contender for HQ2, thanks to its tech industry, walkability, and the fact that Jeff Bezos lives here

by Michelle Goldchain@goldchainam  - Sep 13, 2017

Photo via Jim Havard
The mayor’s office of Washington, D.C., confirmed that they are interested in bidding for Amazon’s second headquarters (or HQ2), and it looks like it has support from a number of locals and journalists.

In a statement emailed to Curbed DC, the mayor’s office said, “We believe we check the boxes for Amazon’s request for a second headquarters with our highly educated workforce, expanding business community and thriving tech sector.”

The second headquarters is expected to bring up to 50,000 workers and cost as much as $5 billion. It is also expected to be the “full equal” to the headquarters in Seattle, Washington, which spans 8.1 million square feet in 33 buildings.

While the *New York Times* expects Denver to be the finalist for Amazon’s search, the publication still made the case that D.C. could be a strong contender, describing the District as having a large pool of tech workers, a strong university system nearby, and Jeff Bezos’ Kalorama home, which he bought last year for $23 million.

There have been some local celebrities who have shown interest in the planned headquarters. One local who expressed excitement at the aspect of Amazon moving to D.C. was restaurateur José Andrés. In a tweet, he wrote, “@JeffBezos yes Jeff @washingtondc is the right place for your @amazon second HQ.”

Washington Wizards owner Ted Leonsis has also shown his support multiple times on Twitter. In one of his tweets, he described St. Elizabeth’s as “a great site” for the headquarters. He further wrote in another tweet, “Jeff Bezos, make D.C. home 2! Our city can help, we have the talent, land, and infrastructure!”

Below, get a brief glimpse at why journalists believe that the nation’s capital is a strong contender for Amazon’s HQ2:

1. On Storify, CityLab Co-founder and Editor Richard Florida ranked D.C. as one of the top three choices for Amazon, including Toronto and Chicago. “My gut tells me Amazon will pick D.C. for its HQ2,” Florida writes, saying that the District has benefits, which include walkability, transit, and the possibility that Bezos may want to live near the second headquarters.
2. John Boyd, a principal of The Boyd Co., told *Washington Business Journal* that D.C. is a finalist on his own list of perfect Amazon spots. Other cities on his short list include Atlanta, Boston, and central New Jersey.
3. While *Bloomberg* wrote that Amazon could do better than D.C., the publication does offer some reasons why Amazon may find D.C. an attractive site. For one, D.C. is “the most educated city in America,” according to *Bloomberg*. The city also offers high housing prices, incomes, and also tax concessions. Despite all this, *Bloomberg* remains skeptical.
4. In an opinion article, MarketWatch journalist Steve Goldstein reported that Washington, D.C., does indeed meet the criteria for Amazon’s headquarters along with 53 other U.S.
metropolitan areas and six Canadian cities. Goldstein even goes so far as to name the nation's capital a finalist on his personal short list for Amazon's second headquarters.

5. **CNNMoney** named D.C. one of the top eight cities perfect for Amazon's headquarters. The reason is because D.C. ranked number four on CBRE's 2017 rankings of cities with the top tech talent. **CNNMoney** further speculated that "an Amazon headquarters near the federal government could be a chance to build better connection with national leaders."

6. Curbed sister site **Recode** named D.C. one of the U.S. cities with the best chance of nabbing the headquarters. Even so, **Recode** noted that D.C. is the most expensive for commercial real estate when compared to the 20 cities the online publication researched.

7. While it's still up in the air on which sites D.C. will propose for the headquarters, Binyamin Appelbaum, Washington correspondent for the **New York Times**, suggested in a tweet that Amazon could take over the Environmental Protection Agency (EPA) building.

8. Local blog **Greater Greater Washington** had their own discussion on whether or not D.C. would be a viable choice for the tech company. **Greater Greater Washington** columnist Tracy Hadden Loh described the D.C. area as "a strong contender." On where the headquarters could be placed, **Greater Greater Washington** columnist and Arlington, Virginia, transportation planner Dan Malouff said, "Poplar Point basically fits their criteria," while also suggesting Walter Reed, St. Elizabeth's, and "even somewhere in Brentwood."
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Worth the wait in College Park
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Edens sees modern future for Cabin John

Edens is not leaving well enough alone at Potomac’s Cablin John Shopping Center and Mall.

The South Carolina-based developer, which purchased Cabin John from the Carl Freeman Cos. last year for $165 million, plans an initial expansion that could be a first step in a 21st century overhaul of the 47-year-old property.

Edens has filed plans with Montgomery County to add 9,999 square feet on two mid-rise retail pads at Tuckerman Lane and Seven Locks Road. The 13.1-acre space comprises a portion of Cabin John’s parking lot. Edens would not say if it has tenants signed.

The project, Edens said in a plan filed with the Montgomery County Planning Department, is the “first phase of a more significant future redevelopment of the 25-acre property.” Cabin John, about a mile from the larger Westfield Montgomery Mall, could be allowed substantially more space should the developer seek county approvals.

Katie Bucklew, Edens’ vice president of development, said the company plans to convert the center from its current strip-mall format into something more current.

“Over the next several years, we will begin implementing our vision to redevelop the center into an urban, walkable village drawing on the center’s history as the central gathering place for the neighborhood,” Bucklew said in an email.

Edens, developer of the Mosaic District in Merrifield and the dominant landowner in D.C.’s Union Market neighborhood, will redevelop Cabin John, she said, through a façade renovation, site improvements and “thoughtful retail and office merchandising.”

The current Cabin John was developed by the Carl M. Freeman Cos. in the late 1970s.

The D.C. area is in the conversation for Amazon.com’s gargantuan real estate play. Even if the region loses, it wins.

Amazon’s HQ2 has become a Super Bowl of sorts, with prognosticators, odds and, eventually, a champi-
on. And Washington seems to be as prime a contender as any city could be in a season that’s a week old.

Since Amazon announced Sept. 7 it is seeking to build a second headquarters to complement its 8.1 million-square-foot Seattle campus, Washington has been frequently mentioned as a qualified candidate for the $5 billion investment. The New York Times has Washington as a top finalist (but Denver will ultimately win the headquarters, it predicts).

Urbanist Richard Florida, co-founder of CityLab, predicts D.C. will win, tweeting “my gut tells me Amazon will pick D.C.” due to its walkability, transit and the fact that Amazon founder Jeff Bezos owns both The Washington Post and a mansion in Kalorama.

“I think D.C. has shed its image as a government town,” Florida said in an email. “The fact that Wash-

D.C. probably has a fighting chance. The hard part is the size and keeping that much space off the market. If you took everything left at the ballpark you could probably fit them in, but is everybody going to sit and wait?”

—Gail Stewart, Washington Business Week

We are greatly interested. Prince George’s can compete for this. It is a sign of our dramatic resurgence. I wouldn’t have said that five years ago.”

David Iannucci, Prince George’s County’s top economic official
ABOUT AMAZON'S HQ2
FOUR THINGS YOU NEED TO KNOW

The search for Amazon.com's HQ2 is on, and it's a big one.

The Seattle company wants to build a second corporate campus somewhere in North America, and Greater Washington's been mentioned as a possible contender for the requirement. The company has set an Oct. 19 deadline to receive proposals and expects to make its final site selection and announcement next year.

Here's a run-down of what you need to know about the quest:

- How big is it? The company seeks more than 500,000 square feet with its initial phase, to open in 2019, with the option to build up to 500,000 full-time employees spread out over up to 8 million square feet beyond 2027.
- What are the parameters? The site must be within 30 miles from a population center, within 45 minutes by rail, train, subway, metro, or bus. It must also have more than 2 miles from major highways or arterial roads, with direct access to the site. It must meet the site's criteria for rail, train, subway, metro, or bus.
- What's at stake? Amazon projects an initial capital investment of between $300 million and $600 million, based on a first phase of less than 500,000 square feet and 1 million square feet. That amount could grow to more than $5 billion at full buildout.
- Who wants in? D.C., Maryland, and Virginia are each evaluating RFPs to determine their best responses. Local governments including Arlington, Prince George's, and Loudoun won't commit to Metro's Silver Line until 2020 and could be too far away from a population center, are also weighing bids. The University of Maryland has pitched College Park as a prospect in collaboration with the city, Prince George's and Maryland. Representatives for Fairfax County declined to comment, but they most certainly are in — and could win it.

SIZE MATTERS
How big is 8 million square feet? That much space could fit:

1.23
Pentagons (6.5 million square feet)

1.77
DHS consolidations at St. Elizabeth's West (4.5 million square feet)

3.45
Walter E. Washington Convention Centers (2.3 million square feet)

4.44
FedEx Fields (1.8 million square feet)

8
MGM National Harbor (1 million square feet)
Amazon Hunting For A Second Corporate Headquarters

Posted by Brady Quigley on Sep 11th,

Amazon has announced that it is looking for a site for its second headquarters. The development of the headquarters which will be known as ‘HQ2’ will cost around $5 billion and will generate approximately 50,000 jobs.

According to the co-founder and chief executive officer of Amazon, Jeff Bezos, HQ2 will be equal to the current headquarters which are located in Seattle, Washington. Amazon’s Seattle headquarters sit on an area of space measuring slightly over eight million square feet on 33 buildings and 40,000 people are employed there.

City of Atlanta

One of the cities that is reportedly being considered as a possible location for Amazon’s HQ2 is Atlanta. If it were to be picked the landscape of Atlanta would be transformed with real estate development in the city being turbo-boosted. At its current headquarters Amazon’s presence has transformed downtown Seattle and led to the redevelopment of Denny Triangle and South Lake Union.

In the first phase of the development of its new headquarters Amazon will put up a development providing 1 million square feet of space by 2019. Greenfield sites of approximately 100 acres will be considered. Such sites must have existing buildings, infill sites, on-site mass transit infrastructure as well as have an international airport within 45 miles.
“Amazon will prioritize certified or shovel-ready greenfield sites and infill opportunities with appropriate infrastructure and ability to meet the project’s timeline and development demands,” said Amazon in a filing.

**Software development talent**

The city that Amazon will eventually pick for its HQ2 must also possess string regional and local talent especially in software development. According to John Boyd Jr, a site consultant, the online retail giant is hunting for a market that is ‘development-oriented’.

In the last few years Atlanta has enjoyed success in attracting high-profile companies to locate their corporate headquarters in the city. Two years ago for instance Mercedes Benz USA settled for Atlanta as its choice of location for its headquarters. Last year Atlanta was also shortlisted by General Electric for a corporate headquarter location before the conglomerate settled for Boston, Massachusetts.

Besides Atlanta other cities that qualify as major contenders include Miami, Tampa. According to Boyd the Brightline project in Miami and the new waterfront development in Tampa make them strong contenders. The Brightline which links Miami and Orlando via a high-speed train will work in Miami’s favor since this will not only mean the workforce pool has been expanded but will be bilingual.
Amazon wants a new HQ for 50,000 workers. Research Triangle Park thinks it’s a good fit

By Zachery Eanes - September 07, 2017

In this May 30 file photo, the Amazon logo is displayed at the Nasdaq MarketSite in New York’s Times Square.

Thursday morning’s news that e-commerce giant Amazon would be looking for potential locations for a second North American headquarters came as a surprise to the people who head the Research Triangle Foundation, the not-for-profit that manages Research Triangle Park.

But it didn’t take long for them to realize they needed to get together a proposal to send to the Seattle-based company.
“Suddenly Amazon has a proposal out there (for 8 million square feet of office space and 50,000 employees) that we didn’t know about,” Michael Pittman, vice president of marketing and communications at RTF, said of the Amazon news. “That becomes, suddenly, a top priority and one of the biggest prospects we can go out for.”

Pittman said that the foundation was meeting with regional partners Thursday to discuss the proposal.

Amazon already has a presence in the park. The company, which ships packages across the world, began using a 325,000-square-foot warehouse in RTP in 2016.

The company announced Thursday that it would begin searching for a location for its second North American headquarters. The company said it was searching for a location that could house 50,000 employees and that it would spend $5 billion on the project.

The news is likely to send states and municipalities across the country into a frenzy of competition to land what the company is calling HQ2.

“We expect HQ2 to be a full equal to our Seattle headquarters,” Amazon Chief Executive Jeff Bezos said in a statement. “Amazon HQ2 will bring billions of dollars in upfront and ongoing investments, and tens of thousands of high-paying jobs. We’re excited to find a second home.”

The company has given a deadline of Oct. 19 for proposals. The proposal said the company will need up to 8 million square feet of office space to accommodate an eventual 50,000 employees.

In its proposal request, the company is asking for proposals from communities with a population greater than a million, with urban or suburban locations near strong technical talent and access to transit, especially within close proximity to major highways and international airports. RTP is located just off I-40 and is close to Raleigh-Durham International Airport.

Pittman believes that RTP can meet all of those requirements. He added that the proposed Park Center project, a mixed residential and office development that the park has been trying to get off the ground for the past few years, could be used to attract Amazon.

“The Park Center project we have been working on would be perfect (for this),” he said. “It’s dense with residential and retail. .... (and) the initial phase will have over a million square feet of office.”

“Then down the road you have the old Glaxo campus with a million square feet there. ... Then there is other land available, especially in the Wake County portion (of RTP). There is 300 acres of land available there.”
Potentially landing Amazon would be enormous for the park. If the company even brought half of the employees it promises, it would be the largest employer by far there, he said. IBM, the current largest employer in the park, is thought to have around 10,000 employees there.

Amazon’s current headquarters in downtown Seattle has radically transformed that city’s landscape, pushing up rents, boosting employment and the amount of construction in the city.

‘War between the states’

But the competition is likely to be tough for RTP.

“I have been saying (economic development) is the second war between the states,” said John Boyd, a relocation analyst for New Jersey-based The Boyd Co. “That is how competitive it is right now.”

Boyd said that South Florida and Atlanta look really attractive for corporate relocations right now, but admitted that the Triangle region is also a major player.

The Triangle region has already seen a flurry of relocations in the past year, with companies like Infosys and Credit Suisse announcing major moves to the region. Boyd credited Gov. Roy Cooper’s use of incentives and the repeal of the controversial House Bill 2, the so-called “bathroom bill,” as a catalyst for the area’s activity.

“You could make a compelling case for the (Triangle),” he said. “The market has demonstrated the ability to attract and retain talent, which is key. ... Even if it ends up a bridesmaid that brings value to (the region). It elevates the area’s stature for a future location of a headquarters.”

Boyd added that the area lags behind cities like Atlanta when it comes to airports and transit.

“It’s the chicken and egg adage,” he said about RDU’s smaller footprint. “(But) if Amazon comes airlines will notice. ... just look at the nimbleness it showed with getting nonstop flights to Austin,” after Austin, Texas-based Dell bought EMC, which had operations in RTP.

Transit will be an important factor for RTP’s proposal, Pittman said.

“The good news is that a lot of the money has been raised and committed (toward transit projects),” he said. “The (Wake-Durham) Commuter Rail is supposed to touch down in RTP and that will be something that we will put into a proposal.

“If we were to get a commitment for this many employees, it would really galvanize transit faster. We would have to (if 50,000 employees are added).”
Amazon scouts for city in N. America to build HQ2

September 9, 2017

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
Pittsburgh has the talent pool. It has the universities. It has strong cultural institutions and a good housing stock. But does it — and the state as its partner — have the stomach to pony up perhaps $1 billion or more in incentives to land Amazon’s prized second headquarters, or HQ2?

James Thomson, a former Amazon executive who now is a partner in Utah-based Buy Box Experts, said it could take significant tax breaks or land offerings to lure the e-commerce giant.
Cities and states, he said, will have to weigh the cost of the incentives against the promise of the new headquarters — one that Amazon says will bring 50,000 high-paying jobs and up to $5 billion in investment.

“The reality is this is a massive beauty contest where the winning city could have a winner’s curse. It could take a long time to generate back the benefits,” said Mr. Thomson, the former head of Amazon Services.

Amazon is not shy about taking handouts.

According to Good Jobs First, a Washington, D.C.-based nonprofit promoting accountability in economic development, the Seattle company has received more than $1 billion in incentives nationwide since 2000. The last two years alone, it has gotten at least $241 million in subsidies from state and local governments to build warehouses.

“This is money laying around on tables and they are grabbing it,” said Greg LeRoy, Good Jobs First executive director.

Pennsylvania provided Amazon with $22.25 million worth of incentives last year, contingent on the internet retailer investing at least $150 million and creating at least 5,000 full-time jobs over three years.

Mr. LeRoy does not agree with Mr. Thomson that such subsidies will be the deciding factor — or even a major one — in Amazon’s decision. He said state and local taxes typically make up only about 2 percent of a company’s cost structure. “Incentives are almost never determinative of where companies expand or relocate because they’re too small,” he said.

The key factor, Mr. LeRoy maintained, will be talent — and lots of it.

“If you’re going to hire that many people, you need a really big labor market,” he said, adding that if he were advising a mayor, “The only thing I would focus on is the executive talent pool.”

Mr. Thomson, who now helps brands optimize their strategies for dealing with Amazon, said Pittsburgh could have a better chance than most cities because of the tech and engineering talent churned out by universities like Carnegie Mellon and Pitt, and the burgeoning tech presence in the city as a whole.

Amazon’s biggest problem, he said, is securing talent. Despite the promise of six-figure salaries, the company has had a hard time recruiting top-flight talent to Seattle.

That’s in part because of the high real estate prices that its rapid growth helped to create. The Amazon campus totals 33 buildings and 8.1 million square feet of space.
“Even if you make $100,000, you can’t afford a house,” he said. “The reality is, there are not enough nice places to live on that salary.”

Amazon might be willing to take less in incentives, Mr. Thomson said, if it knows it will have a steady stream of talent to draw from at local universities and perhaps even others in the state. Pittsburgh also has the cultural scene and the kind of “curb appeal” that the online retail giant is seeking.

“The big question is, what is it worth to the state and the city?” he said.

The state is providing Shell with $1.6 billion in tax incentives to build its $6 billion ethane cracker plant in Beaver County, and Allegheny County Executive Rich Fitzgerald said he’s willing to pony up to land Amazon because of the level of economic impact involved.

Pittsburgh will be competing against dozens of other cities, including intrastate rival Philadelphia. Gov. Tom Wolf has directed his economic development team to provide any support needed to “showcase Pennsylvania’s world class cities as potential homes for Amazon’s growth,” spokesman J.J. Abbott said.

John Boyd, principal of the Boyd Company Inc., a corporate site-selection firm whose clients include Pittsburgh-based PNC Bank, sees suburban Washington D.C., Nashville, Tampa Bay and Toronto as possible front runners for Amazon’s second headquarters.

Mr. Boyd called Pittsburgh both an “outlier” and a “legitimate contender,” one that could end up in the top 10 cities considered for a project he described as the “holy grail of economic development.”

Amazon CEO Jeff Bezos is an out-of-the-box thinker who most likely is aware of Pittsburgh’s transformation from a steel town to a hub for education, medicine and technology with firms like Uber and Argo AI developing self-driving vehicles, he said.

“It wouldn’t surprise me if the headquarters is constructed around a former steel mill, a former manufacturing plant, or a former mall that is nothing but spider webs,” he said. “[Mr. Bezos] is all about sustainability and redevelopment.”

And if Mr. Bezos needs to know more about Pittsburgh, he won’t even have to leave the office. Jeff Wilke, CEO of the e-commerce giant’s consumer business, grew up in the Steel City and is a huge Steelers fan.
As Amazon unveiled plans to seek out the location for a second North American headquarters, economic developers started salivating Thursday, including those in North Carolina.

That’s because the project – an investment potentially worth $5 billion – means as many as 50,000 jobs for the winning region.

“I guarantee you we are working for every opportunity,” Gov. Roy Cooper said Thursday, declining to offer details about the state’s pursuit of Amazon, citing confidentiality.

Amazon, according to its request for proposals, has an initial square-foot requirement of 500,000. Phase two would require a total of about 8 million square feet, mirroring the 40,000-employee Seattle headquarters, which includes 33 buildings and 24 restaurants and cafes.

The 5,600-employee SAS Institute headquarters in Cary, at about a dozen buildings, is meager in comparison.

While Amazon hasn’t said where it’s looking, John Boyd, a site consultant with New Jersey-based The Boyd Company, predicts leading contenders to be Atlanta; Tampa and south Florida; Austin, Texas; Pittsburgh; the Northeast, such as Boston and Jersey City; and even Toronto.

“The conventional wisdom is that Raleigh’s labor market is a bit small,” he says, though he notes those odds are not “insurmountable.”
“It will really depend on the aggressiveness to which Amazon would approach the recruiting dynamic and the burden it would put on HR folks,” he says. “We counsel our clients to look beyond published labor market statistics and look at some of the nuances ... And Raleigh has one of the most-highly-regarded workforces in North Carolina.”

Gregg Sandreuter, partner at Beacon Partners, directs his firm’s development and acquisition activities in the Triangle. Active in local real estate for nearly three decades through projects such as the 3.2-acre Edison in downtown Raleigh and the 34-acre RDU Center, he’s hopeful but realistic about the Triangle’s chances.

“If MetLife employs 1,000 people in two buildings in Cary (213,500 square feet apiece), that means Amazon is going to need 50 times that much,” he notes. “They’re going to need, holy Toledo, 100 [MetLife-sized] buildings.”

With rates for Class A office space in the Triangle circling around $25 per square-foot, it would be a blockbuster real estate deal. A 500,000-square-foot Class A facility would run upwards of $12.5 million – though a steal compared to markets such as Boston and San Francisco.

Michael Walden, economist and professor at N.C. State University, says the project could be a “perfect fit” for the Triangle, noting competitive costs, a well-educated workforce and airport access.

“If the company wanted a near-downtown site in Raleigh – as they have in Seattle – some creative ideas could be presented around the [N.C. State University] Centennial Campus as well as a portion of the Dix property," he says, noting Research Triangle Park as another possibility. “I’ve never seen an estimated direct annual economic impact of $30 billion – this is mind-boggling! If Amazon comes to N.C., it would be the biggest economic news for the state since the development of RTP – and it might even surpass RTP!”

Joe Milazzo, executive director of the Regional Transportation Alliance business coalition, says the Triangle also has the logistics to attract Amazon. He points to interstate connectivity and Raleigh-Durham International Airport – “The most connected mid-size nonhub airport in America is right here.

“And we have a demonstrated willingness of this community to invest in our own future,” he says, noting that all three Triangle counties voted in favor of a transit referendum to further build out transportation infrastructure. “I know many other markets – including Amazon’s current location – didn’t vote for it the first time ... We have those votes in place and the funding resources to go with that.”

Amazon is no stranger to North Carolina, having recently announced a 600-job distribution center in the state. And the Amazon wind farm, which powers Amazon Web Services, recently started spinning near Elizabeth City.
Amazon looking for second home

Expansion sweepstakes open to metropolitan areas across North America

By: Abha Bhattarai
09/8/2017

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."

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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.

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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.
N.J. to toss its hat in the ring for Amazon's $5 billion “HQ2” facility

By Vince Calio, September 8, 2017

New Jersey reportedly plans to enter the sweepstakes to become the location for Amazon.com's massive "HQ2" facility.

Amazon recently issued a request for proposals to developers and state and local governments to be the potential landing spot for the facility, which will be "a full equal to our Seattle headquarters," Amazon CEO Jeff Bezos said in a public statement.

The new facility is expected to cost at least $5 billion and create tens of thousands of jobs. The RFP, which can be found here, is due Oct. 19.

A spokesperson for the state’s Economic Development Authority, which would be one of the entities responsible for putting together a package of tax incentives to lure Amazon, said the agency is reviewing the RFP, but stopped short of saying whether the state will submit a proposal.

"We are excited about this opportunity and look forward to reviewing the RFP, which was just released," the spokesperson said in an e-mail.

A source familiar with the EDA said that one major obstacle that state may face is the fact that it has one of the highest personal income tax rates in the country. According to a recent study, New Jersey’s personal income tax is the fourth highest in the country.

The source said that the EDA, through its GrowNJ program, will work with state officials put together a "massive bundle of tax incentives" to lure Amazon. He added that those incentives "could very well be the difference maker, given the competition we will probably have."

According to the RFP, Amazon is looking to locate its HQ2 in an urban or suburban location with a population of at least one million, and be close to communities where it can attract talent.
Chicago Mayor Rahm Emmanuel publicly stated that he has spoken to Bezos about the new headquarters, but would not say if the windy city would submit a proposal.

Boston and Columbus, Ohio, also are rumored to be among the cities that will submit proposals.

John Boyd, principal at Princeton-based corporate location consultant The Boyd Company, is very optimistic about the state’s chances of landing Amazon’s new facility.

“This is a trophy project, and it would be malfeasance if the NJ real estate community and the state did not submit a proposal,” he said.

He pointed out that Jersey City, for example, would fit all of the criteria that Amazon is seeking in its RFP, and that it already employs nearly 2,000 people in Robbinsville. He also underscored the fact that Amazon would have recruiting opportunities from Princeton, Rutgers and other major universities, and have easy access to major urban centers such as New York City and Philadelphia.

"I expect Jersey City to be a strong contender," Boyd said. "If you look at the criteria that Amazon has said it is looking for — it wants to be in a major market with skill sets that's associated with innovation, Jersey City meets all of them. New Jersey also has compelling development activity and is transit-oriented. We're one of the few major areas that has the type of transportation infrastructure in place to meet the needs of its employees."

Boyd also dismissed the notion that taxes will be a major factor in Amazon's decision.

"This move will not be cost driven. Incentives will play a big role, but this move will be more about the ability to attract and recruit intellectual capital," he said.
Hey, Amazon, Delaware has your future headquarters site

Scott Goss and Jeff Neiburg, The News Journal Published Sept. 15, 2017

The Claymont Renaissance Development Corporation hopes to make use of the old Evraz Steel and Tri-State Mall sites as a potential location for Amazon's next headquarters. Jerry Habraken / The News Journal
Gov. John Carney believes it could happen.

Wilmington Mayor Michael Purzycki and New Castle County Executive Matt Meyer are convinced it is possible.

Can tiny Delaware – perhaps best known for its beaches, DuPont and Joe Biden – actually beat out much larger competitors for Amazon’s second North American headquarters?

The response from real estate and corporate relocation experts outside Delaware is a resounding, “maybe, but probably not.”

The golden prize is as much as $5 billion in investments and 50,000 jobs. That’s more than Delaware’s entire annual budget and the number of jobs created in the entire state over the last five years.

The $100,000 average wage that the Seattle-based online retail giant says it will pay those employees is nearly 40 percent higher than Delaware’s median household income.
That’s why – despite the overwhelming odds – the state’s top economic development officials are hustling to answer Amazon’s call for proposals by the Oct. 18 deadline.

“Something like this would be an absolute game changer for Wilmington and all of Delaware, really,” Purzycki said. “It could change the economy and social future of the entire city. And by providing jobs for thousands of people who right now have limited opportunities, it could change lives.”

Which is the reason major players such as Denver, Atlanta, North Carolina’s Research Triangle region and essentially every other major metropolitan area in North America, are all laser-focused on chasing the same corporate whale.

That includes some well-positioned sites in Pennsylvania and New Jersey.

“Delaware is not one of the leading contenders for this project,” said John Boyd, a principal with Princeton, New Jersey-based corporate site selection consulting firm The Boyd Co.
But it may not be impossible.

And even if the headquarters locates in Philadelphia or South Jersey, Delaware will still benefit.

“The way I see it, there are only two finalists for Amazon’s HQ2,” Meyer said. “It’s just us and everybody else. And we have as much shot as anyone.”

Really?

**A hope and a prayer**

Amazon is not talking.

Emails and phone calls seeking comment on what the nation’s fourth largest corporation is calling HQ2 went unreturned last week.

But the company did lay out what it’s looking for in an eight-page guidance letter posted on its website.

Amazon says it has a preference for a “shovel-ready” downtown campus in a metropolitan area with more than a million people rife with universities, gobs of tech talent and the fastest internet speeds.

The property should be within 45 minutes of an international airport, less than two miles from a major highway and have on-site access to mass transit.

At least 500,000 square feet of office space will be needed immediately with another 100 acres available for the addition of up to 8 million square feet -- more than all of the office space that exists in Wilmington.

And the site should be in a “stable and business-friendly environment” with elected officials “eager and willing to work with the company.” That includes a willingness to pass any new laws needed to give Amazon the massive tax credits and grants it will assuredly demand.

It might sound impossible, but ask Claymont resident Brett Saddler and he’ll tell you the already search is over.

Standing on a hill overlooking vacant property that once housed Evraz Claymont Steel, the executive director of the Claymont Renaissance Development Corp. insists the 425-acre patch of grass and blacktop is the ideal location for Amazon – and Delaware’s best hope.
The former Evraz Claymot Steel site, a fallow 425-acre property, could offer Delaware's best chance of landing Amazon's second North American headquarters. (Photo: Jerry Habraken, The News Journal)

“They want the world and they want it large,” he said. “Looking at what Amazon wants, this site checks off almost every single one of their boxes.”

Now owned by Commercial Development Corp. of St. Louis, the property is slated for a mixed-use development that includes office space, light manufacturing and residential components.

The site offers nearly enough room for the campus that Amazon wants to build over the next decade – a close-but-not-quite situation that would depend on whether Amazon is willing to house some executive offices in Wilmington in the same way DuPont Co. and MBNA did in decades past.

The former steel mill is only a few hundred feet from both Interstate 95 and I-495, smack dab in the heart of the Mid-Atlantic’s 56 million residents – roughly a sixth of the nation’s entire population.

A $40 million SEPTA station is planned to open in 2020, providing the mass transit component that many suspect will hinder other potential locations.
And while Claymont is not the bustling metropolis of a million people that Amazon seeks, New Castle County is technically part of the 11-county Philadelphia metropolitan statistical area and just 15 minutes from a major international airport.

“Our motto has been to stop looking at ourselves as Wilmington’s most northern suburb,” Saddler said. “Although we are proud Delawareans, we now look at ourselves as Philadelphia’s most southern suburb and I think that gives us a great shot at this.”

The state officials tasked with preparing Delaware’s entry into the Amazon sweepstakes say it is still too early to name specific sites that could make the final pitch.

But the Claymont property is believed to be on the short list, along with the 92-acre Barley Mill Plaza in Greenville, the 80-acre former AstraZeneca campus in Fairfax, the 142-acre former General Motors Assembly plant near Newport and the 272-acre STAR Campus at the University of Delaware.

The problem with every one of those? None check the box of a downtown campus.
Built-to-suit

Although its chances are slim, experts are not ruling out the First State entirely, thanks partly to its affordable tax rates and housing prices, compared to its neighbors.

“An interesting case could be made for low-cost Delaware,” said Boyd, the corporate site selection expert leery of the First State’s chances.

He, too, pointed to the state’s proximity to dozens of major research universities, an international airport and access to public transportation that takes people easily from Washington to New York.

He also highlighted Delaware’s favorable business climate.

Delaware, after all, recently beat out Iowa and Indianapolis to win two of the three companies that will spin out of the DuPont and Dow Chemical merger.

And last year, legislation to reform the state’s corporate income tax structure – commonly referred to as “the Chemours bill” – sailed through the General Assembly and helped to keep the DuPont spinoff in Wilmington.
But even that kind of heavy lifting may not be enough.

Boyd, like so many others, is high on Philadelphia, noting the Naval Yard and areas in University City are attractive locations that share many of the same positives as Delaware – only closer to a metropolitan center ripe with the tech talent Amazon is seeking.

He’s also – maybe with a bit of location bias – intrigued by the possibility of Mercer County in central New Jersey, the home of Amazon CEO Jeff Bezos’ alma mater Princeton University.

Both locations could still benefit Delaware.

A Philadelphia headquarters for Amazon would likely result in hundreds of company workers living in Delaware in search of lower property taxes and housing prices. Same, too, for a potential South Jersey hub, which Boyd said would fit in “one of the nation’s most remarkable turnarounds,” Camden.

Matt Cabrey is executive director of Select Greater Philadelphia Council, which helps market the 11-county region to companies around the world.
He also believes Delaware would be a longshot, but said that does not mean the First State is out of the picture completely.

“I think as a larger geographic area, Southeastern Philadelphia, South Jersey and Northern Delaware together could be very attractive,” he said. “And regardless of where a project of this magnitude lands, we all would win.”

Yet none of those states have shown an interest in approaching Amazon from a regional perspective. Delaware, Pennsylvania and New Jersey all have announced plans to submit their own proposal, rather than working together.

Cerron Cade, director of the Delaware Division of Small Business, Development and Tourism, is the state's point person on developing a pitch for Amazon's HQ2. (Photo: Courtesy of John Carney campaign)

“We’re not going to rule anything out at this point,” said Cerron Cade, who heads what remains of the former Delaware Economic Development Office.

Carney converted the cabinet-level agency to a division in the state's Department of State this summer and is in the process of selecting board members to its public-private successor, which is not expected to be fully formed until sometime next year. In the meantime, Cade is the point person for all economic development-related matter.

“We have not had those talks yet,” he said of the potential for a regional pitch.

"But we have everything surrounding areas have," he added, "except they don’t have our ability to bring together all of our elected officials and our cost of living is lower than the rest of the region."

**Show me the money**

Despite doubts from outsiders, Delaware officials remain adamant the state has a solid chance of landing Amazon.

“I reject the notion that Delaware cannot somehow make this work,” Cade said. “We may have to figure some things out but those hurdles are not something we should be afraid of.”

Along with the boilerplate sales pitch about geography, relatively low property taxes and the state’s “world-class workforce,” Cade and others also highlighted Delaware’s top-ranked internet speeds, a highly-touted state park system and its ethnic diversity.

But one thing they’re not willing to discuss is the economic incentives the state would need to provide in the event it actually catches Amazon’s eye.
The company’s guidance to potential suitors specifically calls on cities and states to detail the types and amounts of incentives they can fork over – even if that means passing new laws to create a bigger pile of money.

“We acknowledge a project of this magnitude may require special incentive legislation in order for the state/province to achieve a competitive incentive proposal,” Amazon wrote. “As such, please indicate if any incentives or programs will require legislation or other approval methods.”

Amazon opened a 1.2-million-square-foot distribution center in Middletown five years ago, thanks in part to $3.5 million in state incentives. That taxpayer grant required the company to hire 850 employees within its first year of operation, a goal Amazon more than doubled by its one-year anniversary.

Middletown also agreed to exempt Amazon from about $1 million in municipal real estate taxes through 2022.
That’s nothing compared to the $110 million in grants, tax credits and road improvements that state officials used to lure AstraZeneca’s North American headquarters to Fairfax nearly 20 years ago in what remains one of the largest incentive packages in Delaware history.

In exchange, the pharmaceutical giant pledged to increase its workforce at the site from 2,400 to 4,000 by 2004. AstraZeneca met that obligation and more, reaching an employment peak of 5,000 workers in 2005, only to gradually reduce its workforce ever since.

The company sold off its Delaware campus this summer to Delle Donne & Associates in a sale/leaseback deal valued at $50 million.

AstraZeneca has sold off its 80-acre Fairfax headquarters campus for $50 million. A portion of the property is seen here. (Photo: GARY EMEIGH/THE NEWS JOURNAL)

If the dollar-to-job formula used to land AstraZeneca were to hold up, Amazon could expect more than $1 billion in state aid to relocate here.

That’s not too far off of the $1.6 billion package Nevada used to land a Tesla battery factory in 2014 but far from the U.S. record $8.7 billion handout Washington state awarded Boeing Co. in 2013.

Delaware officials have long said Delaware simply does not have the tax base to compete with other states when it comes to offering raw incentive deals of that size. And it remains unclear how they expect to swing a potential Amazon deal.

“it’s too early in the process to talk about money or incentives,” Cade said. “I will say Delaware is committed to being innovative, nimble and enthusiastic when it comes to this project.”

‘A brilliant P.R. stunt’

Some have speculated Amazon knows exactly where it wants to go and is just fishing for the best possible offer.

Boyd called it a “brilliant P.R. stunt” and likened it to similar corporate relocations from General Electric and Tesla.

Public relations stunt or not, Amazon will be taking pitches from most of the 50 states and probably every metropolitan area in the country. Delaware, obviously, has a tough hill to climb.

“This trophy project is really an opportunity for Carney to become a national figure and make the case for Delaware,” Boyd said

Even if it does not land Amazon, the process could still help Delaware in the long run.
“What something like this does is put you through a period of introspection,” Purzycki said. “It gives you a chance to look through the eyes of a prospective company and, if you’re honest with yourself, you see areas where you fall short and that helps you improve.”

Claymont’s Saddler said now is not the time to consider the all-too-likely possibility of failure.

He remains ever hopeful, even as he awaits a call from state officials about the Evraz Claymont Steel site.

“It would be a game-changer,” Saddler said. “I believe that we have all the necessary ingredients. I really do.”
Keeping watch
Downtown STL’s Kelli McCrary stands guard for visitors to the Central Business District.

FINANCIAL REPORT
CHAMBER POSTS ANOTHER FISCAL DEFICIT

The St. Louis Regional Chamber reported its fourth straight year in the red as CEO Joe Reagan saw his total compensation fall from an industry high.

JACOB KIRN, 2

THE LIST
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TALENT GAP LIMITS LOCAL AMAZON PURSUIT

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COVER STORY

STILL LAGGING
Banks struggle to keep up with national trends

Despite gains in several categories, community banks still aren’t measuring up to their national counterparts.

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ON DISPLAY
AIA announces its 2017 Design Awards

The American Institute of Architects - St. Louis bestows this year’s honors in architecture, interiors, drawings and other segments.

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MATT GORDON GETS TECHNICAL WITH A-B SHIPMENTS 5

Investing in St. Louis
By partnering with United Way to create job opportunities for youth

wellsfargoadvisors.com/community

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TECH TALENT SUPPLY IS BID FOR AMAZON’S 2ND

BY BRIAN FELDT AND JACOB KIRN
bfeldt@bizjournals.com, jkirn@bizjournals.com

For St. Louis to win Amazon’s planned $5 billion second headquarters, it will have to overcome a major obstacle: a talent shortage.

Amazon prefers an urban site that can attract or retain some 50,000 new employees—many of them software developers. St. Louis, according to data, falls short in that regard.

The number of software developers in the region shrunk by 4.2 percent between 2011 and 2016, to just more than 14,000 employees, according to a 2017 report by commercial real estate firm CBRE analyzing tech talent in the nation’s largest markets. That represented the largest drop in coding workers for any of the 50 markets CBRE analyzed.

St. Louis’ broader tech talent pool, which also includes computer support, information systems and other engineering-related jobs, grew by roughly 8 percent during the same period, far slower than that of most other large cities, CBRE’s report shows.

And St. Louis will have stiff competition; once Amazon on Sept. 7 announced its request for proposals for the second headquarters, it opened a bidding war among dozens of cities hunger for the massive investment.

Joseph Parilla, a fellow at the Brookings Institution’s Metropolitan Policy Program, said Amazon’s requirements “inevitably favor places that have a larger pool of existing workers to offer them, and that’s where St. Louis, in the grand scheme of large cities, falls short.

“(Amazon) isn’t going to go to a place where the only way they can meet their hiring requirements is by pillaging every other existing company in the region,” he said. “Nor are they going to want to rely solely on the fact that people will relocate to work there.”

David Koos, principal at TDK Technologies, one of the area’s largest IT consultants, said “demand is way higher than the supply” for software developers in St. Louis.

“I don’t know anybody that can say we’re finding enough talent, especially larger companies,” he said. “If Amazon came to St. Louis and had to hire all from what is already here, there’s no way they could do that.”

Parilla’s research suggests 20 metro areas have the “table stakes” — those attributes that meet the fundamental requirements of what Amazon is looking for — to land the project. The closest to St. Louis are Chicago, Minneapolis and Dallas.

Still, regional boosters like St. Louis County Executive Steve Stenger are aggressively pursuing Amazon. The St. Louis team includes Mayor Lyda Krewson and St. Louis Economic Development Partnership CEO Sheila Sweeney.

“We have Washington University, SLU, UMSL, Maryville, Lindenwood and an excellent community college system,” Stenger said. “To think we can’t ramp up tech programs at all of these institutions and that they somehow don’t have tech programs is wrong.”

Currently, St. Louis universities and colleges graduate about 1,500 students with information technology degrees each year, according to data provided by St. Louis Community College’s Workforce Solutions Group.

Linda Martinez, deputy mayor for development for Krewson, pointed out that Amazon won’t need 50,000 jobs at once. “We need to look at the glass being more than half full,” she said. “We are an amazing area.”

‘HOLY GRAIL OF ECONOMIC DEVELOPMENT’

A growing tech workforce may be St. Louis’ biggest obstacle, but the city meets many of Amazon’s other requirements.

Washington University is one of the largest research universities in the country, and the St. Louis region is home to five of the top 200 colleges in the nation, according to U.S. News & World Report’s latest ranking.

Missouri’s possible status as a right-to-work state

BEHIND THE PACK

St. Louis’ tech talent pool grew by roughly 8 percent between 2011 and 2016, a rate far slower than most other large cities.

St. Louis also ranked poorly for talent leaving the city, otherwise known as brain drain. The graphic below shows the difference between where tech workers are employed and where they were educated. In St. Louis’ case, nearly 3,000 more tech degrees were earned than new tech jobs created between 2011 and 2016.

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<tr>
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<th>Philadelphia</th>
<th>Detroit</th>
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**BRAIN DRAIN OR GAIN?**

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</table>

-19,600   -9,600   +4,200   +13,500   +80,500

SOURCE: CBRE
HURDLE FOR ST. LOUIS HEADQUARTERS

Is a plus for Amazon, said John Boyd, a site consultant with New Jersey-based The Boyd Co.

the St. Louis area has miles of unused fiber already laid underneath its streets—mostly owned by AT&T and Charter Communications—providing good connectivity.

And the region has cheap real estate options to make a quality bid.

"We’re centrally located, have great access to rail, rivers, roads and have an airport with capacity," said Stenger, adding that the region’s mass transit, including MetroLink and buses, would also be sufficient. "There are also great cultural institutions, parks, trails. We have an array to offer, and we are a community that is hungry for expansion and growth." Boyd said St. Louis' biggest strength is that it's dissimilar to Seattle, Amazon's home city.

"Logistically speaking, St. Louis is in the sweet spot for Amazon," Boyd said. "But there are underlying themes that don't get as much play. Seattle is a love-it-or-hate-it city and there isn't much middle ground. From the weather to the demographics, it's ultra progressive. That compromised Boeing's ability to attract the best and brightest before they moved their headquarters to Chicago. Amazon is experiencing the same thing. St. Louis could bring some centrality to the company." And Boyd said the talent shortage may not be such a big barrier.

"It's such a special company," he said. "This is an employer of choice and it is the type of company that people relocate for."

All considered, Boyd said St. Louis is in position to make a strong pitch for the project, which he called "the Holy Grail of economic development.'

> TECH TALENT LABOR POOLS (2016)

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> TECH TALENT QUALITY VS. COST

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<table>
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<table>
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</tr>
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<tr>
<td>Omaha, Tampa, Rochester, Cleveland, Cincinnati, Nashville, Minneapolis, Oklahoma City, Kansas City</td>
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SOURCE: CBRE
Why tech executives aren't counting Pittsburgh out of Amazon HQ2 race

Pittsburgh has had a week to mull the possibility and the pros and cons of landing Amazon's second headquarters.

Officials from the city, Allegheny County, state, the universities and foundations started to work on courting Amazon once the news broke, but details about how they will do that have been scarce.

Meanwhile, a tech-fueled game of fantasy football broke out as people ranked potential cities and wondered what might lure the Seattle-based behemoth.

Pittsburgh is definitely a top-10 contender, said John Boyd, a principal consultant at The Boyd Co., a location consulting firm in Princeton, N.J.

“This is the project of our time,” Boyd said. “This is the Holy Grail of economic development.”

Boyd noted Pittsburgh and Pennsylvania's relationship and history with Amazon. It probably doesn't hurt that Jeff Wilke, one of Amazon CEO Jeff Bezos' top executives, head of the company's consumer business, grew up in Western Pennsylvania.
The Pittsburgh Urban Redevelopment Authority's board of directors voted Thursday to hire consultant Maya Design to help with the city's bid. The URA, city, county and foundation will share the cost of the consultant.

Amazon has promised to invest $5 billion in the construction and operation of its second headquarters, speculating that it could generate as many as 50,000 high-paying jobs.

“Did I read that right; they're talking about 50,000 employees?” Mark Magalotti, co-director of University of Pittsburgh's Center for Sustainable Transportation Infrastructure, asked Thursday. “That's a lot.”

If you're wondering if Pittsburgh's transportation infrastructure could handle such an influx, the answer is no, Magalotti said. He said our traffic system is maxed out.

But that shouldn't keep Amazon away, Magalotti said. Any city on Amazon's shortlist will need major transportation improvements to accommodate the new headquarters.

“There is no perfect location,” Magalotti said.

Transportation woes and other concerns were on the minds of a handful of founders and executives in Pittsburgh's tech community Wednesday evening. The prospects of Amazon locating its second headquarters in Pittsburgh came up during a panel discussion at Spaces, a co-working location inside Bakery Square.

Brac Webb, co-founder and CTO of Robotany, a robotic, indoor, vertical-farming startup, had selfish reasons for wanting Amazon to base its headquarters here.

Robotany sells some of its produce to the Whole Foods store in Upper St. Clair. Amazon recently bought Whole Foods, and Webb hopes a partnership with Amazon could make it easier for Robotany to deliver its fresh greens.

“Hopefully, we're a good reason for them to come,” Webb said.

Others on the panel were cautious about Amazon.
Ellen Saksen, CEO and co-founder of Go Jane Go and Amelia, startups designed for women business travelers, brought up some of Pittsburgh's challenges. Saksen noted the city's traffic and infrastructure problems. She talked about the effect Amazon's headquarters could have on housing and displacing residents.

“I don't want to be down on it,” Saksen said, adding, “There are a lot of problems that we have to solve before we invite 40,000 high-earners here.”

Natalie Glance, vice president of engineering at Duolingo, said Pittsburgh needs a better airport with more direct flights. Everyone on the panel agreed.

Airport officials unveiled a $1.1 billion overhaul of Pittsburgh International Airport this week and weren't shy about nodding toward Bezos.

“I think this is the kind of forward-thinking initiative Amazon will be looking for,” Allegheny County Executive Rich Fitzgerald said in announcing the project. “This announcement today, a month before we're going to be submitting our proposal, is perfectly aligned with what we'd like to see.”

Glance questioned whether Amazon would look to Toronto to avoid issues Duolingo faces with visas for foreign workers.

Brian Finamore, co-founder and CTO of Gridwise, an app designed to help Uber and Lyft drivers earn more money, said Pittsburgh has the talent to attract Amazon and that the prospect might look good on paper but it might require more thought, Finamore said.

Pittsburgh's team doesn't have that long to think. Amazon wants to hear from cities by Oct. 19.
Amazon's HQ2 opens bidding war among cities

By Irina Ivanova, MoneyWatch - Sep 20, 2017

Cities and states across the country leaped to their feet when e-commerce giant Amazon (AMZN) announced it was looking for a second location.

The online retailer wasn't shy in describing exactly what it wanted. And what that is, in case anyone was wondering, is incentives. "[T]his is a competitive project," the company said in its formal request for proposals, and "Amazon welcomes the opportunity to engage with you in the creation of an incentive package, real estate opportunities, and cost structure to encourage the company's location of the project in your state/province."

For many cities, that means an all-out hustle to get noticed by Oct. 19, the deadline for making a proposal. Efforts have included editorials, ads in The New York Times, promises from politicians and the gift of a giant saguaro cactus. Even Seattle, the site of Amazon's current headquarters, isn't sitting out the process of pitching for the company's second headquarters.

"There's a lot of money put into things like specialized infrastructure for a company," said Michael Mazerov, a fellow at the Center on Budget and Policy Priorities. "If they were to locate in a suburban location, it's not unheard of for states to build a major interchange. There are targeted training programs for employees. There are all kind of different incentives provided -- infrastructure, extensions of sewer lines."

But the most common incentives by far, Mazerov said, are tax cuts. "Unfortunately, they're perceived as costless," he said. "There's this attitude that 'if they hadn't come, we wouldn't have gotten any tax revenue to being with.'" However, localities often overestimate the value a project will add relative to the costs of infrastructure, transit and other services needed to support the company.
"The additional economic activity from incentivizing a particular business never generates enough additional revenue to pay for the cost of the subsidy," said Mazerov, who eventually changed his assessment from "never" to "rarely."

Some 50 cities in North America have said they plan to bid for Amazon's second HQ, according to Business Insider. That includes plenty that don't meet Amazon's criteria. CBS MoneyWatch calculated that 26 metro areas meet the requirements of having a highly educated population.

Cities contending for Amazon's second headquarters

Circle size indicates population; color indicated portion of residents with at least a bachelor's degree. Map includes metro areas of over 1 million where more than 33 percent--the national average--have a bachelor's or higher.

Source: U.S. Census/American Community Survey, 2015 estimates

And while subsidies won't make up for any business fundamentals a particular location may lack, analysts believe even fundamentally attractive cities will have to use those incentives to clinch the deal.

"Nobody's going to get this deal without an act of the legislature and that state also granting some incentives," said Bruce Maus, principal at Auxilium Solutions, a logistics firm. "That means
the governor of the state is probably going to respond personally before the deadline and promise that he or she can deliver."

"They're going into this with a lot of swagger," John Boyd Jr., a relocation consultant and founder of Boyd Co., said of Amazon. "They have the ability and the wherewithal and the resources to have this swagger."

The ultimate size of the incentive package is hard to predict, analysts say, in part because of the headquarters' size. "Think of all the success Boston has had over the past decade -- this would dwarf that," said Boyd.

Indeed, the frenzied response from cities and states to Amazon's invitation to bid mirrors the reaction to similar, though smaller, projects, such as Wisconsin's Foxconn facility, Tesla's (TSLA) Gigafactory in Reno, Nevada, and GE's (GE) corporate relocation from Fairfield, Connecticut, to Boston.

The subsidies for those deals hint at the figure Amazon likely hopes for. Foxconn garnered an unprecedented $3 billion in subsidies from Wisconsin for a promised 3,000 to 13,000 jobs. That investment works out to at least $230,000 per job, a cost that it would take the state, by its own calculation, 25 years to recover.

Tax breaks for Tesla's 6,500-job factory come to $200,000 a job. And the $145 million subsidy GE received to move its headquarters to Boston works out to $181,000 per job.

At those rates, Amazon's promised 50,000 jobs could translate into a subsidy between $9 billion and $11 billion -- one-quarter of the value Amazon says its activity added to Seattle's economy over six years.

The particular value of incentives differs dramatically from state to state and location to location, according to research from Tim Bartik, a senior economist at the Upjohn Institute for Employment Research. They can be as little as one-thousandth of the value a project adds, in Washington, or as much as 4.23 percent, in New Mexico.

Of course, figuring out exactly how much value a project adds is no easy thing. Calculating subsidies, too, is challenging because local governments tend to hide their full extent. But according to Good Jobs First, a nonprofit that opposes corporate subsidies, Amazon has benefited from $1 billion in state and local tax breaks over its lifetime. Nearly a quarter of that amount was awarded over just two years, 2015 and 2016.

"At the end of the day, you and I can't know why Amazon made a decision," said Greg LeRoy, the group's executive director. "Taxpayers should watch their wallets."

But subsidies aside, cities could take other measures to attract Amazon, such as speeding up infrastructure projects or other public improvements, said Boyd.
"This is a call to arms, if you will, for not just politicians but also developers to fast-track development activity in the works," he said. That type of investment actually has the potential to benefit many industries in a more equitable way than would tax breaks for a single large employer. And when the bidding city loses to another (as 49 cities are bound to do), its improved infrastructure will put it in a better position to attract a future big business, not to mention workers.

So far, just one city has declined to jump on the subsidy bandwagon: Toronto. In putting together the city's bid, Toronto Global, the business organization representing the region, touted Toronto's strong tech economy and the wealth of publicly supported infrastructure, including free public education and universal health care.

"Tax breaks won't create talent," the group's chair, Mark Cohan, told the CBC.

He told CBS MoneyWatch the group was "internally exploring" the possibility, but he emphasized what he called Toronto's already favorable business tax environment.

"We're going to be thoughtful about that, but it goes back to the main premise, which is talent," Cohan said. "We are the third-largest tech ecosystem in North America. Last year we added more jobs than New York and San Francisco combined."

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From Amazon To Foxconn: Major Companies Making Moves

September 20, 2017

Cities across the country court Amazon for its new headquarters. Wisconsin signs a $3 billion deal to snag Foxconn. We look at the competition for marquis employers.

Applicants wait in line to enter a job fair, Wednesday, Aug. 2, 2017, at an Amazon fulfillment center, in Kent, Wash. (Elaine Thompson/AP)
Bombshell development news from Amazon this month that it will build a second corporate headquarters in some wonderful location yet to be named. Now, everybody wants it – with its promised 50,000 jobs and salaries averaging $100K. Could it land near you? Meanwhile, Wisconsin is putting up $3 billion to lure in mighty Foxconn, to build flat screen TVs in Paul Ryan’s district. Huge money for jobs. This hour, On Point: The race for Amazon, the billions for Foxconn, and what it takes to really win. -- Tom Ashbrook.

Guests

Laura Stevens, reporter for the Wall Street Journal covering Amazon. (@LauraStevensWSJ)

Joseph Parilla, fellow at the Brookings Institution’s Metropolitan Policy program. (@joeparilla)

John Boyd, principal of The Boyd Company, a corporate site selection consulting firm. (@TheBoydCompany)

Jason Stein, statehouse reporter for the Milwaukee Journal Sentinel. (@jasonmdstein)

From Tom's Reading List

The Wall Street Journal: Amazon Seeks Prime Location for Its Second Headquarters — "Cities from Toronto to Chicago to Denver raised their hands Thursday, saying they would submit proposals. The competition to win Amazon’s business likely will be fierce and could break records for tax incentive packages, according to consultants who advise companies and governments on such deals."

Citylab: High-Paying Jobs Alone Won't Save Big Cities — "Cities don’t just need jobs—and even high paying positions are insufficient. They also need to eradicate racial and gender disparities, provide work training programs, and they need to better prepare for the inevitable natural and manmade disasters that threaten citywide prosperity. Cities deserve a progressive company, one that accounts for societal gains alongside typical financial profits."

Milwaukee Journal Sentinel: Beyond Southeastern Wisconsin, State Businesspeople Generally Support Foxconn Package — "Gov. Scott Walker on Monday signed legislation that pays up to $2.85 billion to Foxconn Technology Group over 15 years. Also, the state is waiving $150 million in sales taxes on construction materials for the $10 billion facility. Foxconn, which could employ as many as 13,000 people, represents a big win for Wisconsin, said Walker and Republican legislators. But Democratic legislators, who largely opposed the financing package, say the price is too high — including exemptions from environmental regulations for the flat screen manufacturing complex."

This program aired on September 20, 2017. Audio will be available soon.
So. What's a credit downgrade to your state government mean, anyway?

Sep 20, 2017

The Pride of the Susquehanna riverboat rides the Susquehanna River with the city of Harrisburg as a backdrop, August 28, 2015.

By Charles Thompson | cthompson@pennlive.com

In some ways, the great Pennsylvania budget battle of 2017-18 has been the year of the credit downgrade.
Almost from the beginning of Gov. Tom Wolf's budget unveiling last winter, we've been treated to regular predictions of a credit-downgrade, as a state, if we did this thing, or did not do that thing.

And that, we've been warned, would be the worst of all things.

Now it's happened. On Wednesday, S&P Global Ratings formally lowered its rating for Pennsylvania's future general obligation bonds to A+ (It's great for school; not so much for impressing Wall Street.)

The sun still shone.

So what should we really make of this news? PennLive is here to help:

1. **To your most pressing question, this does not take us out of the running for Amazon's HQ2.**

   It has been a real worry around the Capitol this week.

   "This is not a good story for Pennsylvania. It's not a good story when we're trying to recruit businesses and industries to Pennsylvania as a good place to operate," said Senate Majority Leader Jake Corman, R-Centre County.

   But according to Princeton, N.J.-based site selection expert John Boyd, the downgrade is not likely a show-stopper.

   **How do we know this? Chicago.**

   It has won more than its share of corporate recruitment battles even as the city (homicide rates) and state of Illinois (budget dysfunction that makes Pennsylvania look like the fiscal equivalent of a Swiss watch) were eviscerated in the media.

   Boyd says the Chicago's success came down to three unalterable strengths: Public transportation that allows for easy regional mobility; a workforce for the future in terms of a steady supply of milliennials; and O'Hare Airport's access to the world.

   So, in his view, "Pittsburgh and Philadelphia's pitch (to Amazon - or most other major employers seeking sites) won't be killed by that Standard & Poor's adjustment."

2. **Will the state still have access to credit?**

   Yes.

   One interesting thing about this is that while Pennsylvania's A+ rating is better than only two other states (Illinois and New Jersey), A+ is still an investment-grade rating.
States in general are a highly-rated segment of the bond market because of their size, diversity and ability to raise taxes. So while this downgrade hurts our collective pride, it's still a serviceable bond rating.

"A-plus is considered medium investment grade," noted Carol Spain, the lead analyst for public finance at S&P Global. "It's actually a strong rating."

No previously approved plans for highway repairs, bridge replacements, prison updates, urban redevelopment, college campus improvements or other good works should be derailed by Wednesday's news.

**How does it hurt, then?**

That lower credit rating generally means that the market of prospective buyers for Pennsylvania's bonds will now be a little softer, requiring the bonds themselves to carry slightly higher interest rates to be sold.

Matt Fabian, a public-sector bonds expert for Municipal Market Analytics Inc., said Wednesday as a practical matter that will cost the state and its taxpayers an added $2.5 million to $5 million in annual debt service for every $1 billion borrowed.

Gov. Tom Wolf's office said Wednesday that the state had planned $2.25 billion in new borrowing in this fiscal year.

It's not clear if the credit downgrade would affect all of that borrowing, however, as part of it is the anticipated advance on the state's future tobacco settlement payments.

The state also has planned another $1 billion in refinancing of existing bonds.

It's easy to see that the downgrade could cost $10 million in taxpayer funds in total, and that's a lot of money.

But some fiscal conservatives might argue that's a cost worth bearing in a $32 billion budget in order to have kept the state's personal income taxes level through a major recession, a major work-out of problems with the state pension systems and spiralling public health care costs.

That, of course, depends on your perspective. To Gov. Wolf, "today's news should be a wake-up call to come together and end this (budget stalemate) now."

**4. Why did we get the downgrade?**

According to S&P, the downgrade was based on the cumulative effect of a chronic gap between expenses and revenues that has gradually weakened the state's cash position to the point where this month, for the first time in memory, the state has had to delay certain payments.
Making matters worse, Spain wrote, the published plans to close the remaining deficit haven't inspired confidence about the near-term future.

Take that tobacco borrowing, for example.

It's actually a time-tested mechanism that has been used by other states nearly 20 times to achieve various fiscal objectives, and again, many here may rather see that than a tax increase.

But, in S&P's world, borrowing to cover a deficit created by "a misalignment of ongoing revenues and expenditures... does not exemplify strong budget management practices."

Still, Spain added, it is better for the state "than an accumulation of unpaid bills."

So. End of the world?

Apparently not.

But it is a form of civic embarassment, and a reminder that, whatever else we think we have going for us - great colleges and universities; great location on the Eastern seaboard; abundant energy supplies - there are serious problems to fix, too.

As MMA's Fabian put it Wednesday, the downgrade "is a symptom, but not the disease. The state needs to raise its damn revenues."
Amazon HQ2 RFP asks for just one bid per region, so Philly submits three

Thursday, September 21, 2017 - By Jim Saksa

After Amazon announced plans to build a second headquarters earlier this month, promising 50,000 jobs paying an average of six figures and $5 billion in direct investment, Philadelphia and a few dozen other North American cities all jumped to join the pageant.

The city’s business and political community have shown none of the fractious relationship that’s marked fights over the soda tax or calls for ending the wage tax: from City Council to the Chamber of Commerce, everyone seems to agree: Landing Amazon would be a massive boon for the city.

But not just the city — the region as a whole would benefit, regardless of where exactly Amazon located it’s campus, which it says will eventually total 8 million square feet. You know how
Comcast built Philadelphia’s tallest building and is about to open another, taller, tower? Imagine if they did that four more times and built another Cira Center, too. That’s what Amazon is proposing.

All of that would mean jobs for regional contractors, vendors, and other firms. The 50,000 Amazonians would buy homes across the region.

“A win for Camden County is a win for Philadelphia. A win for Philadelphia is a win for Wilmington and vice versa,” said John Boyd, a Princeton, NJ based corporate site selection consultant who’s spent the last 40 years helping companies find the ideal location for their office.

That’s one reason why it would make sense for the region to submit a collective bid, said Boyd.

“All things being equal, you want to see regionalism,” said Boyd. “A successful common denominator among regions attracting industry are regions that work together.”

More often than not, the only place municipal boundaries really matter are on maps. Unless there’s some kind of legal reason stopping them, most workers live where they want, regardless of borders. “Labor markets don’t really end and begin at municipal lines,” said Boyd.

There’s another reason why the region, better known to Census geeks as the Philadelphia-Camden-Wilmington metropolitan statistical area, might want to submit a single, combined bid.

Amazon told them to.

The front page of the retail giant’s request for proposals reads: “We encourage states, provinces and metro areas to coordinate with relevant jurisdictions to submit one (1) RFP for your MSA.”

The Philadelphia-Camden-Wilmington MSA is submitting at least three, one from each city.

Philadelphia Mayor Jim Kenney said he tried to work things out with his peers, but to no avail.

“It’s hard. I had a preliminary discussion with one mover and shaker, so to speak. We’re trying to figure it out.”

Kenney said he expected Philadelphia to make it past an initial round of cuts for Amazon’s bid. After then, he hopes the region can come together. “In the first round, it’s hard to articulate the partnership, if there is one,” he said.

Regional cooperation can be hard, especially in a tri-state area like the Delaware Valley, where appealing intermunicipal fights to the governor or state legislature isn’t an option. It’s a prisoner’s dilemma: Elected officials from different cities have different constituencies, creating differing political incentives, which leads to competition instead of cooperation.
Philadelphia is throwing a ton of resources at the Amazon bid, despite the belief among some commenters that Amazon has already picked a city and is using the RFP process to simply solicit larger subsidies from their predetermined top pick.

“I think there's probably about a dozen to twenty [city employees working] right now full time. We're partnered with PIDC, their staff, commerce dept is fully involved,” said Kenney.* The Commerce Department is leading the city’s bid effort. A Commerce Department spokesperson later added that Select Greater Philadelphia, Visit Philly, PHLCVB, and Campus Philly were also all working on the proposal.

Camden County’s freeholders voted to submit a bid on Tuesday. In a press release, the freeholders touted all of the regional benefits it shares with Philadelphia — talented work force, good transportation network, access to Philadelphia International Airport — while emphasizing the number of large tax breaks New Jersey has given to companies relocating to Camden.

Delaware Gov. John Carney said soon after Amazon’s announcement that the First State would submit a bid on behalf of New Castle County and Wilmington.

Will the Delaware Valley’s inability to work together on a single bid doom the region’s shot at landing Amazon? Probably not.

“Amazon can walk and chew gum at the same time,” said Boyd. “Amazon will first be sold on a labor market, the talent pool, proximity to a major airport, the transit issues we talked about, and then they'll select, do we want urban or suburban?”

So, Amazon won’t disqualify the region for failing to follow instructions. That’s not how multibillion dollar investments get made.

But the intraregional competition won’t help. That worries business leaders like Tracey Welson-Rossman, Chief Marketing Officer for Chariot Solutions, a co-founder of Philadelphia Startup Leaders, and founder of TechGurlz.

Welson-Rossman hasn’t just watched as Philadelphia’s tech scene has grown from its infancy two decades prior. She’s been one of its mothers, nurturing and guiding its growth. To Welson-Rossman, the strength of Philadelphia’s tech scene comes from its collaborative spirit, and an ability to work together. Noting how many major Philadelphia tech employers are actually located just outside city limits, Welson-Rossman emphasized the importance for everyone to come together to entice Amazon.

“We need big thinking in our region, this is a big project,” she said. “This allows us to push and think bigger and let ourselves think that we deserve this, as a region.”

Welson-Rossman emphasized repeatedly the importance of working collectively, as a region, rather than letting jurisdictional spats undermine the bid. So when she heard that Philly, Camden
and Wilmington were all working on their own, separate Amazon bids, she let out an exasperated sigh.

“The region should come together, that's all I have to say.”

It’s an echo of something Philadelphia’s most famous tech entrepreneur, Benjamin Franklin, once said: “We must, indeed, all hang together, or most assuredly we shall all hang separately.”

As high as the stakes are with Amazon HQ2, at least the fate of the nation doesn’t hang in the balance.
Triad economic officials prepare to cast long-shot bid for second Amazon headquarters

By Richard Craver Winston-Salem Journal - Sep 16, 2017

Triad economic officials have placed a combined hand on their cast for the latest economic recruitment holy grail — a second Amazon headquarters with a potential of 50,000 employees.

Site selection experts and economists project the Triad as a long shot to win the prized $5 billion project.

That’s based on Amazon’s criteria that includes a metropolitan area of at least 1 million residents, stable business climate for growth, an international airport within 45 minutes of its campus, and a highly educated local workforce from which to draw employees.

But from the perspective of you can’t get a hit if you don’t take a swing, Triad officials said they won’t know if the region has a viable opportunity if they don’t try. The deadline for proposals is Oct. 19 at www.amazon.com/amazonHQ2.

Loren Hill, president of the High Point Economic Development Corp., said his group is putting together a bid with Winston-Salem Business Inc. and the Greensboro Chamber of Commerce.

Working together, as opposed to competing separately in 2004 for the ill-fated Dell Inc. assembly plant in Winston-Salem, is a must given Amazon’s population requirement.

Amazon has indicated the second headquarters would require initially 500,000 square feet of office space that is expected to expand to 8 million square feet within three buildings.
“The details of (our bid) will still have to be worked out, but that’ll be our strategy,” Brent Christensen, chief executive of the Greensboro Chamber, told the News & Record.

“We know the competition will be fierce, that’s for sure. We will certainly make an aggressive proposal to Amazon.”

**The favorites**

The New York Times published an analysis of the potential Amazon recruitment on Sept. 9, in which Raleigh emerged as one of nine finalists only to lose out to Denver.

Raleigh’s Achilles heel in that review appeared to be challenges in getting in, out and around the city, particularly as it relates to public transportation.

Amazon operates out of a 325,000-square-foot distribution center in Research Triangle Park, according to The News & Observer of Raleigh. It has a similar operation in Charlotte.

Bloomberg News’ analysis lists the favorites as Atlanta, Boston, Dallas, Denver, Toronto and Washington.

Amazon has said the average wage of the 50,000 employees at the second headquarters would approach $100,000.

By comparison, Amazon estimates its investments in Seattle from 2010 through 2016 resulted in an additional $38 billion to the city’s economy, where more than 40,000 of its 380,000 employees are based.

Amazon hasn’t said how much emphasis it will put on incentives, but it is likely to request something similar to the $3 billion the Wisconsin legislature is planning to offer electronics giant Foxconn Technology Group for a $10 billion flat-screen production facility employing up to 13,000.

At that level, Taiwan-based Foxconn would receive the largest state incentive package in U.S. history for a foreign company.

Amazon said it expects incentives to include: land, site preparation, tax credits/exemptions, relocation grants, workforce grants, utility incentives/grants, permitting and fee reductions.

“The initial cost and ongoing cost of doing business are critical decision drivers,” the company said. “We want to encourage states/provinces and communities to think creatively for viable real estate options, while not negatively affecting our preferred timeline,” Amazon said.
Challenges

North Carolina’s chances also may be limited — some of which by design — by the state legislature’s direct and indirect past actions with Amazon.

Direct is the Republican-controlled legislature’s effort to require Amazon purchases to include North Carolina sales tax (which it began in 2014), and the legislature’s opposition to Amazon creating wind farms in the eastern part of the state as it has in Virginia.

Indirect from a cultural standpoint in that Amazon is a supporter of gay marriages and transgender rights, which many legislative leaders have fiercely resisted in recent years.

It’s not clear whether the repeal of most of transgender restroom House Bill 2 in March is enough to meet Amazon’s quality of life and public safety criteria, as it was for the NCAA and Atlantic Coast Conference to return championship events to the state.

“The project requires a compatible cultural and community environment for its long-term success,” Amazon said in its request for proposal.

“This includes the presence and support of a diverse population, excellent institutions of higher education, local government structure, and elected officials eager and willing to work with the company.

“We want to invest in a community where our employees will enjoy living, recreational opportunities, educational opportunities, and an overall high quality of life.”

Other potential economic roadblocks are those also facing North Carolina megasites being marketed toward a joint Toyota-Mazda production plant.

On Aug. 4, officials from Toyota and Mazda disclosed plans for a $1.6 billion, more than 4,000-employee U.S. plant that likely could include electronic vehicles — Corollas for Toyota and crossover vehicles for Mazda. The goal would be to start production in 2021.

Multiple media reports list at least 11 states in contention for the project.

North Carolina is likely to be a front runner for the plant because of the absence of another automaker in the state, according to John H. Boyd, a principal in The Boyd Co. Inc., a New Jersey site-location consulting company.

Viewpoints

Since 2013, the legislature has reduced the state’s corporate tax rate from 6.9 percent in 2013 to 3 percent in 2017 — the lowest in the country for states that have a corporate tax rate. There are plans to reduce the rate to 2.5 percent by 2019.
However, the state budgets for 2017-18 and 2018-19 committed just up to $50 million in economic incentives toward a “transformative” project that would require a $4 billion capital investment and 5,000-employee commitment.

“We relentlessly pursue every opportunity to bring new jobs to the state, and every day we respond to requests for proposals — from those big transformative projects that grab headlines to the many projects you don’t hear about beforehand,” state Commerce Secretary Anthony Copeland said in a statement.

Rep. Debra Conrad, R-Forsyth, said she "personally is in favor of thinking bold and big."

"The Amazon project would be massive. We are well positioned on the east coast to balance Amazon's West Coast presence. An auto plant has always been a desire for North Carolina, but we need to be flexible."

Rep. Donny Lambeth, R-Forsyth, said he expects North Carolina to be competitive with its Amazon bid.

“North Carolina is a business-friendly environment and has so much to offer, including one of the lowest corporate tax rates in the country, a dedicated and loyal work force and a community college system second to none,” Lambeth said. “I believe North Carolina can meet their needs easily.”

Mitch Kokai, policy analyst with Libertarian think tank John Locke Foundation, is not as optimistic.

“Since Republicans took over the General Assembly, they have been more interested in lowering tax rates for all businesses than designing special tax breaks for favored companies and industries,” Kokai said.

“Though the John Locke Foundation would urge lawmakers not to chase Amazon or any other corporate whale with a targeted tax giveaway, it would shock me if the General Assembly proved unwilling to support a package that would bring a high-profile Amazon headquarters to the state.”

Making a case

Boyd said landing the second Amazon headquarters carries weight beyond just the capital investment and workforce projections.

“There’s the panache and branding value of landing this superstar company,” Boyd said.

Boyd said his front runners are Atlanta, Boston, Chicago, Dallas, central New Jersey, Philadelphia and Washington.
“A case can certainly be made for the Triad region given its low-cost profile vs. Charlotte and Raleigh, the availability of land and, of course, the Greensboro-Randolph megasite proximity to world class universities in the Research Triangle and two N.C. international airports.

“The Triad offers affordable home prices for relocating employees that are roughly 20 percent of the cost in Seattle.”

That said, Boyd cautioned that the best Triad economic officials may hope for is “just being in the second headquarters discussion,” and to not lose focus on the Toyota-Mazda plant.

“Reaching that stage would be a win for the Triad and North Carolina since it would present a powerful platform for Gov. Roy Cooper to talk about North Carolina’s positive business climate.”

Establishing earnest contacts with Amazon officials could lead to Amazon investments in the region and possibly even influencing Amazon’s suppliers and vendors to locate in the Triad, Boyd said.

“It can also generate new tailwinds for landing the Toyota-Mazda plant, a project that I think is ideal for the Greensboro-Randolph megasite,” Boyd said.
New attraction
Theme park operator plans a $60 million water park
BRIAN BANDELL, 5

EXECUTIVE PROFILE
A PASSION FOR DESIGNING BUILDINGS
Pat Bosch uses architecture as a powerful tool to transform communities and leave an indelible mark in South Florida and around the world.
BRIAN BANDELL, 10

OUR BLUE-CHIP LEADERS
SOUTH FLORIDA BUSINESS JOURNAL HONORS 15 TOP EXECUTIVES
PAGES 11–11

THE LIST
The region’s leading roofing contractors 42

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Sept. 29-Oct. 5, 2017
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South Florida bids for Amazon HQ2

TRI-COUNTY AGENCIES TEAM UP TO LURE AMAZON TO REGION

To best position South Florida to lure Amazon.com Inc’s first corporate headquarters outside Seattle, local economic development agencies will submit a joint bid, rather than competing against each other.

The Miami Dade Beacon Council, the Greater Fort Lauderdale Alliance and the Business Development Board of Palm Beach County will work to highlight the region’s assets in a collaborative project - their first ever - in response to Amazon’s request for proposals, issued this month.

The stakes are high. The headquarters could bring as many as 50,000 high-paying jobs to South Florida, a region whose economy has long been propped up by low-wage, seasonal jobs.

“They’ve blown the doors wide open on this, and there’s going to be some ridiculous stuff thrown at them, and we’re prepared for that,” Alliance President Bob Swindell said. “We know we stand a much better chance by being united.”

The proposal, due to Amazon by Oct. 19, will point to a variety of advantages offered by the 6 million-plus metro area, including:

- More than a dozen universities, several boasting robust tech and engineering programs. Collectively, the universities have more than 300,000 students in the pipeline.
- A vast airport network, including some of the nation’s largest international hubs and multiple executive airports.
- High quality of life.

The agencies will work alongside Enterprise Florida, the state’s public-private economic development engine, to put together the best possible incentive deal.

In its RFP, Amazon said it prefers a North American metropolitan area with a population of at least 1 million people with a stable, business-friendly environment, a favorable tax structure and accessible mass-transit options.

While mass transit stands as a deficit to South Florida, Swindell points to the Miami-to-Orlando Brightline train as a “huge competitive advantage,” and said the region checks just about every other box.

Amazon expects to select and announce the site in 2018.

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Incentive cap may crimp recruiting

Jordan Graham, Matt Stout Thursday, September 28, 2017

Massachusetts is pulling out all the stops in its effort to woo Amazon, but under state law economic development officials can only offer the e-commerce giant $20 million in job creation tax incentives each year, a number that one expert says may not be enough.

“That number would fall short of what we feel would be needed for what would successfully attract Amazon,” said John Boyd, principal at corporate relocation firm Boyd Company.

Last year, the Baker administration introduced a bill that would allow officials to raise the cap to $50 million for an “extraordinary economic development opportunity,” saying they were unable to offer General Electric substantial job creation tax incentives. Instead, the state helped pay for infrastructure work on GE’s new headquarters, using a different grant program. The measure passed the House of Representatives in an economic development bill, but was not included in the Senate’s version or the final one signed by Gov. Charlie Baker.

At the time, officials argued job creation incentives were becoming increasingly popular with companies looking to expand.

Baker yesterday didn’t rule out trying to raise the cap again, but said the incentive package offered to Amazon will depend on the site.

“We’ve had a lot of companies that have either come here or expanded here that did that without using a traditional economic development incentive package at all,” Baker said. “The task would fit the site and the expectation. That can mean a lot of things. It might mean using our current program. It might mean doing something with infrastructure. It might mean doing both.”
Amazon should be ‘seriously looking at Newark’ and NJ for its new $5B HQ

By Michael Symons October 2, 2017

 Getty Images

New Jersey isn’t as far-fetched a location for Amazon’s second headquarters as you might think, experts say – from cities near Manhattan to the campus Bristol-Myers Squibb is ditching in Central Jersey.

Cities and states from coast to coast are engaging in a bidding war for the $5 billion second headquarters being planned by e-commerce giant Amazon, with proposals due to the company between Oct. 16 and 19.
Princeton-based business location consultant John Boyd says Washington, D.C., is the leading candidate to land Amazon, followed by Atlanta, Boston, Chicago – and New Jersey.

“This will be a talent-driven site selection search, and New Jersey clearly has one of the nation’s premier labor markets, access to talent and research universities,” Boyd said.

Amazon has seven fulfillment centers in the state and a successful subsidiary in Newark, Audible.com. New Jersey has public transportation that Amazon values and is willing to offset some of its high costs through up to $5 billion in tax breaks.

“Incentives are really a necessary evil today, especially for a high-cost state like New Jersey,” he said.

Amazon asks in its request for proposals for information about “diversity of housing options, availability of housing near potential sites for HQ2, and pricing,” as well as cost-of-living data, to settle on an area “where our employees will enjoy living ... (and have) an overall high quality of life.”

New Jersey Future research director Tim Evans said New Jersey’s expensive housing is a negative – but hardly unique.

“Most of the places that New Jersey is going to be competing with that have the other kinds of amenities that Amazon is looking for are also expensive. So I think New Jersey has still got a pretty good shot at landing this,” Evans said.

“If I were Amazon, I’d be seriously looking at Newark,” Evans said. “I think they’ve gotten everything that Jersey City had 20 years ago, you could say about Newark about now. In fact, I think it’s already started to happen.”

Boyd said the convention wisdom is that Amazon would prefer to build vertically, perhaps in places like Newark, Jersey City or Bayonne, but he thinks Amazon might prefer to stretch out its 8 million square feet in Central Jersey.

“I would look at Fort Monmouth, which has the available real estate. Perhaps Mercer County, there’s an old BMS facility in Hopewell that could potentially be repurposed or redeveloped,” Boyd said.

Atlantic City formally joined the list of prospective candidates Monday.

Mayor Don Guardian said the city has easy access to Philadelphia, New York and Washington, an affordable cost of living and outstanding recreational amenities, as well as extra tax incentives as a “growth zone” and a nearly federal technical center testing drone systems.
It would seem to lack some of what Amazon says in its request for proposals that it’s looking for, including a metropolitan area of more than 1 million people and access in less than 45 minutes to an airport with daily nonstop flights to San Francisco and Seattle.

**But Boyd says there’s value for Atlantic City in bidding.**

“Every region in the country wants to use this process to really make their case,” Boyd said. “While Atlantic City clearly would be a very long-shot to land the headquarters, it’s an opportunity for the economic development professionals in Atlantic City to say, ‘Look, we’re open for business’ and to talk about some of the new growth activity happening in Atlantic County.”

All locations in New Jersey will come with staggering tax breaks, under a change in state law that’s likely to be approved by December.

The state plans to change its “Grow NJ” tax incentive program to allow Amazon to receive tax credits anywhere in the state, rather than only in certain distressed cities or urban transit hubs.

Also, such as “transformational project,” a new category that covers projects that would create 50,000 jobs, are eligible for $10,000 per job per year in tax breaks for 10 years, or $5 billion in credits. That’s double the standard break of $5,000 per job.

Christie said the change and recruiting pitch have been agreed to by the four legislative leaders and the major-party gubernatorial candidates, so he said there is “no impediment to getting that done” in the post-election, lame-duck legislative session.

“This will be done before I leave,” Christie said.

The state Economic Development Authority’s net benefit test projects $9 billion in benefits to New Jersey from the project, which would mean a net gain of $4 billion even if the full tax break was received by Amazon.

Christie said other states will probably also make tax-incentive offers, though the details of most are more shrouded, at least for now. New Jersey is in a unique position as it and Virginia are the only two states electing new governors this year, so Christie said the state must be more open to assure Amazon the change in leadership won’t mean a change in policy.

A narrow focus on tax breaks to attract Amazon would make worse a mistake the state has made repeatedly since the Great Recession, said Gordon MacInnes, president of New Jersey Policy Perspective, a critic of the tax-incentive programs.

“Merely blowing the lid off already out-of-control corporate tax break policies won’t work – and is dangerous to New Jersey’s future to boot,” MacInnes said.
Amazon Presents a Prime Opportunity to Transform a City's Housing Market—but Where?

By Clare Trapasso | Oct 4, 2017

Amazon's announcement that it plans to build a second headquarters somewhere in North America to employ tens of thousands of well-paid workers has set off a frenzy of let's-make-a-deal maneuvering among the nation's urban officials, all desperately vying to land the online retailer. The winning city will be announced sometime in 2018. Suspenseful much?

So why are cities tripping over themselves to win the contract? It's simple: The new Amazon HQ could become a true game-changer for most metros.

What's at stake is as many as 50,000 workers—with an average salary topping $100,000—moving in over the next 10 to 15 years. That's larger than the population of many small cities, and it doesn't even include workers' families and the array of support companies that will crop up wherever Amazon goes. It's a big boon to local businesses and the coffers of cities which can
collect higher tax revenue from its new residents. Plus, Amazon has pledged to invest about $5 billion in the construction and operation of its new facility. (It will maintain its original headquarters in Seattle as well.)

This kind of investment could turn a smaller, second-tier city into a superhot metropolis. It could reverse the fortunes of a long-struggling metro. Or it could be a feather in the cap of one of the country's already desirable cities.

The new headquarters will, by necessity, profoundly transform the area's housing market.

Rental and home sale prices are likely to rise sharply as builders race to put up amenity-laden condo and apartment towers near the new HQ, along with creating new master-planned communities of single-family homes in the suburbs, say real estate and corporation relocation experts.

'This projected is so highly coveted that even being on the short list will jump-start a lot of [residential] development activity," says John Boyd, principal of the Boyd Company, based in Princeton, NJ, a corporate relocation specialist.

What sorts of cities are most likely to make Amazon's short list?

Cities might throw every tax incentive imaginable to lure Amazon, but the online giant is looking for very specific qualifications for its second home. (Company officials declined to speak with realtor.com®, but the retailer outlined what it's looking for in a request for proposals last month.)

The inventor of 1-Click shopping is seeking metros with more than a million people, for starters. These areas must also be stable, business-friendly, and attractive to potential employees. (The latter tips the odds against a Rust Belt city such as Detroit, despite its resurgence.)

The site will need to accommodate about 30 buildings and be within 30 miles of the population center and 45 minutes of a major airport. It will also need easy access to major highways and public transit.

But the thing Amazon will need most is lots of skilled workers, say corporate relocation experts. That means they'll want to be close to top universities, and be in a place where young talent wants to live.

"All the major cities that are competing for this ... are all markets that are consistently ranked as one of the most millennial-friendly," Boyd says.

Despite such tall demands, it's likely that Amazon will receive free land on which to build its headquarters and won't pay a dime of property, corporate income, sales, and other local and state taxes, says Chicago-based attorney Andrew Scott, who specializes in corporate site selections at Dykema.
Cities can offset some of those losses by taxing the new residents the internet giant will bring in. And that money can go toward building new schools, expanding existing public transportation systems, and adding new government services for residents.

"Whatever city lands this thing, their reputation is going to go through the roof," Scott says. "A lot of folks will say, 'if this is good enough for Amazon, it’s certainly good enough for my company.'"

Amazon claims its investments in Seattle—where it has more than 40,000 employees—pumped about $38 billion into the city's economy from 2010 to 2016. It also claims to have spurred an additional 53,000 jobs in the city as a result of its investments. (It has more than 380,000 workers and countless outposts, offices, and warehouses worldwide, with more opening each year.)

**How important is housing to Amazon?**

The question of just *where* all of these workers are going to live is usually the last piece of the puzzle, Boyd says.

Officials typically take stock of the housing within a 70-mile radius of their new site, he says. They look at what sorts of homes currently exist; what kinds of buildings could be repurposed, such as old malls and factories; and the supply of land to build rental and condo towers in the city and single-family homes in the suburbs.

These could be former industrial zones on the edges of a metropolis—areas that have fallen into disarray over the years or aren't fully built out.

If Amazon's new headquarters settle on the outskirts of a city, it could create a thriving "second-city-type area," says Chief Economist Danielle Hale of realtor.com. "It will become a new center that people want to live around."

Wherever *Jeff Bezos'* all-powerful company touches down, the apartment market is likely to spike, says Annie Radecki, senior manager at John Burns Real Estate Consulting. Many of the firm's younger, single workers are likely to prefer to rent inside city centers, particularly job hoppers who want to hedge their bets and might not intend to stay at Amazon long. Older workers, even older millennials with families, are more likely to veer toward single-family living in the suburbs.

"Right now, [developers and builders] assume Amazon is a gold rush," Radecki says. But "it's going to make affordability worse. Traffic will go up. Schools will get overcrowded. Services take time to catch up."

And it might actually take longer to build new housing than the second headquarters. The problem is that the chosen city will need to create tens of thousands of new or retrofitted housing
units in a short period of time, says Robert Dietz, chief economist of the National Association of Home Builders.

"That’s a tough ask," he adds.

It's tougher still when you factor in the national shortage of skilled construction workers—exacerbated by the rebuilding needs in hurricane-ravaged Houston and Florida.

**What happens when a metro receives an influx of workers?**

For a clue on the impact Amazon might eventually have, it's helpful to look at Texas—in particular, Dallas. The city lured companies from all over the world with low taxes, an inexpensive cost of living, and affordable real estate. It boasts good universities and an educated workforce, making it catnip to employers seeking to leave costly, coastal metros and the high wages they have to pay there.

The Dallas metro area began seeing an influx of companies relocating and expanding there in 2008, when AT&T relocated its corporate headquarters, and about 700 jobs, from San Antonio, nearly 300 miles away. Since 2010, more than 200 companies have moved into the region with many more expanding in it. That's added about 500,000 jobs to the area.

Not surprisingly, there's been a corresponding population surge in the Dallas area, which includes Fort Worth, Arlington, and other smaller cities. It rose by nearly 1.36 million people from 2006 to 2016, according to U.S. Census Bureau data.

"The cost of housing has definitely been affected," says Dallas-area Realtor® Debbie Murray, of Allie Beth Allman & Associates.

And home prices have surged. In 2008, the median home price in the Dallas metro was $145,800, according to National Association of Realtors® data. Fast-forward to 2016, and the median home price jumped nearly 56%, to $227,100. Nationally, prices rose only about 19.8% over the same period.

The influx of new companies is now revitalizing smaller cities and suburbs around Dallas, too, turning places like Frisco, Plano, McKinney, and Allen into destinations in their own right, Murray says. Many companies are opening operations in these places, and workers are reluctant to live more than a 30-minute commute away.

“It completely changed the market," Murray says of the influx of new residents. "It's crazy."

**What's the catch to Amazon moving in?**

Amazon's bounty isn't likely to be shared by all—particularly by lower-income renters who might be forced out of their communities by rapidly rising housing prices.
"There’s going to be some pushing out," says Andre Perry, a fellow at the Brookings Institution, a Washington, DC–based think tank.

He worries that minorities, especially, will suffer the negative effects of gentrification in Amazon's future home city, as their neighborhoods see an influx of wealthier skilled workers flooding in. And after presumably giving the online behemoth a massive tax break, city government will have to strain to provide services for the new residents (even though those residents will pay individual taxes).

"Cities shouldn’t sell the farm to bring in a company because that tax revenue is needed ... so they can have adequate transportation systems for people to get to work, so they can have quality schools and universities," Perry says.

And, of course, even Bezos' monster corporation could suffer the vicissitudes of an economic downturn.

"Any time you have that number of jobs resting on one company, your fate really depends on what that company does," says real estate consultant Radecki. And with advancements in automation, artificial intelligence, and the rise in telecommuting, "you may announce 1,000 jobs today and then later automate 900 of them."

"There [are] huge technical shifts going on," she says. "What Amazon's looking for today may not be what they need in five to 10 years."

A bigger city would be able to absorb large job losses easier as it would have other high-paying industries to prop it up. But it could devastate the economy—and housing market—of a smaller one.

"Cities need to understand the risk of attracting Amazon," Radecki says.

Clare Trapasso is the senior news editor of realtor.com and an adjunct journalism professor. She previously wrote for a Financial Times publication and the New York Daily News.
HQ2 may be in the open, but Amazon moved stealthily in Kannapolis deal

Oct 6, 2017

Amazon didn’t secure any major incentives from the state of North Carolina when it picked Kannapolis for a 600-job, $35 million warehouse distribution operation.

Even as Amazon.com Inc. (NASDAQ:AMZN) sounds a very public request for proposals for its massive HQ2, public records show that – in terms of smaller projects – Amazon is good at keeping secrets.

Code-named Project Hercules II – Amazon didn’t secure any major incentives from the state of North Carolina when it picked Kannapolis for a 600-job, $35 million warehouse distribution operation announced in August. But state officials were involved nonetheless, according to public records disclosed to Triangle Business Journal by the N.C. Department of Commerce. The 216 pages of documents offer hints at what the recruitment of Amazon can be like, and how, when it comes to its distribution network, stealth is valued.

While records show Commerce was aware of the project in April, the name “Amazon” wasn’t stated until June.

In an interview, John Boyd, principal at The Boyd Co., a New Jersey-based corporate site selection firm, says he’s not surprised at the stealth.

“They have been very guarded in prioritizing confidentiality with these because fulfillment center projects have a lot of moving parts above and beyond incentives,” he explains, noting that public scrutiny and zoning activity comes into play. HQ2, however, which the company has said could mean 50,000 jobs, requires a different – and much more public – strategy. Its RFP process – which
has attracted confirmed interest from Wake County— is doubling as a branding initiative, he notes.

“A public fulfillment center … wouldn’t garner the type of attention and press that would add the value that the HQ2 site selection process is adding,” he says. “I expect this to play out in a pretty public way. There will be some degree of confidentiality … but things will begin to get leaked.”

That certainly wasn’t the case with the project fulfillment center in Kannapolis, which – though not called Amazon – is first referenced in an email April 17 from Christopher Kouri, an economic development attorney with Nexsen Pruet, to N.C. Commerce Secretary Tony Copeland and Deputy Secretary Will Miller.

“I want to again emphasize the extreme confidential nature of this project,” Kouri wrote. “The entity considering this location is very guarded and any leak of its interest could jeopardize the project.”

“Please be assured that we will maintain strict confidentiality,” Miller responded.

The broader Commerce team was looped in through June emails from Cabarrus County officials. In July, local economic developers filled in Cabarrus County commissioners, emails show. Public hearings were set.

But even then Amazon was fluid – and stealthy – on its plans.

On July 11, Ryan Wilson, economic development manager of Amazon, asked Samantha Grass, recruitment project manager of Cabarrus County Economic Development, for information on the “latest the project can be pulled off the agenda.” She informed him via email hours later that the meetings are advertised 10 days in advance with the project code name publicized on the agenda. The Amazon name wouldn’t be mentioned until the night of the hearings, she wrote to Wilson.

In the meantime, on July 31, the Commerce team did what it typically does for these kinds of announcements: It reached out to Gov. Roy Cooper’s Office for a quote.

“This project is not tied to a Commerce grant, so we won’t do a release,” wrote Commerce spokeswoman Hannah Harrill to Cooper’s office. “However, we recommend getting a quote from the Governor in the local release.”

On Aug. 7, however, Harrill wrote a Commerce colleague that the company “wanted to downplay and specifically asked not to do a Governor quote.”

By August, N.C. Department of Transportation was finalizing its $2.7 million highway improvement package, funded out of the Highway Fund and Highway Trust Fund Economic Development program, to further lure the company. The company went on to make it official in August.
That same month, Amazon's RFP sent major metros across the United States – including both Raleigh and Charlotte – scrambling.

Site selection expert Boyd said that, while the RFP is due Oct. 19, the company is already working on its short list.

“A lot of analysts would put both Raleigh and Charlotte as top 10 contenders at this point,” he said.

Lauren K. Ohnesorge
Staff Writer
Triangle Business Journal
Is St. Louis a real contender to land Amazon’s HQ2?

Oct 16, 2017 - By Chris Nagus, Investigative Reporter

ST. LOUIS (KMOV.com) -- St. Louis is one of the numerous cities competing for Amazon’s second headquarters and the billions of dollars of investment and up to 50,000 jobs that some say will come with it.

Search Amazon HQ2 online and there's no shortage of competition; cities from Toledo to Tucson and just about every city in between are working to win the Amazon sweepstakes.
Does the St. Louis region have a shot? The New York Times doesn't think so - their money is on Denver. The Brookings Institute based in Washington, D.C. doesn't put us in the top 20 contenders. But, on paper St. Louis appears to meet the criteria Amazon wants.

- **A region of more than a million** - check
- **Mass transit** - check
- **A stable - business-friendly environment?** John Boyd, who runs the Boyd company, a business that helps big companies like Boeing and Chevron find cities to relocate to regards Missouri as a “pro-business state.” – Sounds like another check.

Take Amazon out of the equation for a moment, Boyd says St. Louis is getting looks nationally from other players.

“St. Louis is hot right now,” Boyd said. “There is a renewed interest in St. Louis. Companies are aware of it it is an exciting time for job creators in that market.”

But when it comes to Amazon; Boyd believes the winner will be east of the Mississippi - somewhere close to Washington D.C., so the company can lobby lawmakers. But, if Amazon focuses on the Midwest, Boyd believes St. Louis will be on their radar.
St. Louis Business Journal reporter Brian Feldt also gives St. Louis small odds based on the number of regions competing. And despite the nationwide search, he believes Amazon insiders already have a pre-determined location in mind.

“If you think about it like a free agent in baseball they may hit the market - they have two or three cities they want to play in - they are going to test the market to see who makes the best case,” Feldt said.

“One of the selling points is you can tap into Illinois’ sizeable congressional delegation,” John Boyd said, who added Missouri and Illinois could be a powerful force when it comes to attracting headquarters. “Regionalism is the new trend in economic development.”

“I don't think anybody knows but if you look at what we have to offer from corporate community to our logistics base and talent innovation abilities - we have a fantastic chance,” said Aaron Perlut, who runs the marketing firm Elasticity. He’s working with St. Louis leaders to bring Amazon to town.
As far as Missouri and Illinois working together; St. Louis County officials are talking with St. Clair County, Illinois officials on their bid. Governor Greitens’ staff confirmed they are talking with Illinois – and Kansas – to assist Kansas City’s bid.

The bids are due by Thursday.

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The Underdogs Bidding on Amazon HQ2

Sarah Holder - Oct 10, 2017

Why are small, long-shot cities, who on the surface don’t seem to meet at least one of Amazon’s threshold criteria, putting their hats in the ring?

This September, Danbury, Connecticut’s mayor and Frisco, Texas’s, mayor both released videos asking a charming, robotic personal assistant variations of the same question: “Alexa, where should Amazon HQ2 go?” To Danbury’s Mayor, Alexa says, obediently, “Danbury, Connecticut.” To Frisco’s, Alexa declares “Frisco.”

Other larger cities subsequently co-opted the same stunt, but Danbury and Frisco are bound by a unique sort of competitive spirit: in the quest for Amazon’s second headquarters, they’re long-shot bidders.

When Amazon announced its search for a city to host HQ2, it also released a detailed Request for Proposals, which included criteria such as minimum population and community fit. But many small to mid-sized cities who, on the surface, don’t seem to meet at least one of these threshold criteria—like Danbury and Frisco, but also Dayton, Virginia Beach, Hartford, New Haven, and Kansas City—have announced plans to enter the competition, too. The list of long-shots includes cities whose populations fall well below the one million Amazon desires; others whose nearest airport is hours away, to say nothing of international connectivity; and others whose transit systems are years out of date.

Assuming a glass-half-empty certainty is a mistake, say some mayors, economic developers, and consultants. Ineligibility is not a foregone conclusion, even if it looks that way on paper. In fact, some small cities are joining with others to form regional bids that get them closer to Amazon’s criteria.

But making a competitive offer can be a major drain on resources, particularly for smaller cities. So what’s in it if they don’t win it?
All publicity is good publicity

If nothing else, a bid means immediate, and sweeping, media coverage. Mayors and economic developers have launched viral video campaigns, wrangled football owners to deliver quippy catch-phrases, constructed and scattered enormous brown Amazon boxes around their cities, and begged Amazon to give them a shot, any shot—all very publicly.

“The HQ2 project has become the darling of the 24/7 business news cycle,” says John Boyd, site selection consultant at Boyd Company Inc. “It’s an opportunity for small cities to promote themselves—they can laud their advanced degree programs, transit-oriented developments...to the economic development market in a high-profile way.”

After Tucson sent Amazon a saguaro cactus, the company responded directly to the city on Twitter (saying they ultimately could not accept gifts, “even really cool ones,” and donating it to a museum). After Frisco released a “Frisco is Primed for HQ2” video that was effectively an advertisement for the city, the mayor of Frisco told CityLab he got positive feedback straight from Amazon representatives.

It’s that kind of personal connection with the company that could lead to other backchannel deals, says Boyd. “Amazon could put a fulfillment or a back-office facility [in a small city], or they could encourage their mid-size vendors to move there,” he says. Amazon is in communication with most of the major manufacturers in the United States, many of whom might build headquarters of their own—putting your city on the map could mean a spot on the short list, says Boyd.

“The exposure and attention that the video ... has gotten is positive no matter the outcome. Some other business could say, ‘look at that, look at what that city has,'” says Stephen Nocera, Danbury’s Director of Project Excellence, of Danbury’s strategy. “We’re going to fight as best we can for large companies, but also small and medium sized companies.”

Building bid muscles

Just like Olympic bids, where cities have extraordinarily low odds of hosting the internationally watched games, site selection consultants and economists say that the process of bidding for something like HQ2 acts as an intensive personal development exercise. Crafting the proposals gives cities a chance to reflect, to identify economic strengths and weaknesses, and to develop a strategy to win the next one even if they end up losing the biggest one.

“I assume that a lot of places in the back of their minds they’re thinking that, maybe the drill of getting dressed up for the party and trying to get in will be a positive, consensus building thing,” says Greg Leroy, executive director and founder of Good Jobs First.

That dress can come with a hefty price tag, though. Often, cities must hire expensive outside consultants (the state of Virginia is paying $1 million to hire a McKinsey & Co. consultant, and
asking for financial contributions from smaller regions) and allocate economic development resources away from smaller (but maybe more viable) projects.

That’s not to mention the potentially extreme tax incentives cities are offering up as barter. Often, the impetus for the breaks comes at the state level, but their impacts could be disastrous, especially on the smallest of cities. The mayor of Dayton, Nan Whaley, says she doesn’t plan on capitulating to that section of the RFP.

But she does see other benefits for Dayton. She hopes that the process might compel transportation improvements within and between the two cities. “Right now with transit, because of the way the state funds it, each community has their own transit system. This opens the door to say ‘does that make the most sense for Southwest Ohio?’” she says. “If you live in Dayton and you don’t have a car, and you have a job in Cincinnati, you’d have to go through three transit systems to get to Cincinnati. And that’s not doable.“ Making their cities more hospitable for Amazon might also translate into making them more hospitable, period.

What’s in a number?

Many cities who don’t strictly meet Amazon’s criteria don’t necessarily consider themselves long-shots. First, there are definitional questions around population criteria. Technically, the RFP’s “one million” guideline refers to the population in the metro area, not the city proper. That means they’re looking at the labor pool within about 70 miles of the site, says Boyd.

Nocera points out that while Danbury only has a population of around 85,000 (a number that would almost double if Amazon were to bring in 50,000 outside employees), its metro area falls “just under a million.” That’s true for other long-shots cities bidding, many of which are exurbs of larger metropolitan centers—like the rest of the CT cities; Dayton; and Frisco.

Other cities are increasing their population capacity by teaming up with neighboring jurisdictions.

“We’re not quite big enough for Amazon [alone],” Dayton’s Mayor Whaley admits, so partnerships with Ohio peers, like Cincinnati, are crucial to Dayton’s success. In 2014, the Department of Commerce awarded Dayton and Cincinnati joint Investing in Manufacturing Communities Partnership designation as the Southwestern Ohio Aerospace Region. The two cities were already connected geographically by the Great Miami River and then by highway I-75, but the IMCP facilitated the beginning of an economic relationship that Whaley says has laid the bedrock for a collaborative bid.

“The state [of CT] is trying to gauge the interest of all cities,” says Nocera. “We’ve told them, listen, that’s wonderful and we are going to work with them—but also Danbury will be submitting no matter what.” When asked if there’s a friendly competition between other Connecticut bidders like Hartford and New Haven, Nocera laughs. “The sense of all communities in Connecticut is, we’d love it in our city but we really want it in Connecticut,” he says. “But I personally believe—no bias here—Danbury would make the best home.” Frisco, too, is “looking
to pitch the [Dallas Fort Worth] region as a whole,” but mayor Cheney says they’re “uniquely positioned” to get the bid.

“It’s like the lottery”

Cities don’t necessarily have illusions about their chance of winning. “I think there’s this feeling that we have to be in it to win it,” says Andy Levine, founder of Development Counsellors International. “It’s like the lottery—you have to be willing to buy a ticket.” Amazon has set up what amounts to the Charlie and the Chocolate Factory of economic development projects: that golden ticket is out there for anyone to find.

“For a lot of economic developers, they may have a fairly realistic idea of their low probability,” says Mark Sweeney, senior principal with McCallum Sweeney Consulting. “But there might be pressure from the organizational leadership to at least put in a bid.”

The pressure, or at least the nudging, has come from both state and city officials.

“Ask yourself candidly: can we supply enough executive brain cells for company’s needs? If not, it’s a waste of time.”

Virginia’s state-sponsored McKinsey consultant has been tasked with developing a “unified effort” around the bid, and drafting proposals for the Northern Virginia, Richmond, and Hampton Roads regions. Virginia Beach, with a population of about 452,000, lies in Hampton Roads.

Leroy’s advice to mayors in the smallest cities: proceed with caution. “Talk to organizational development theorists,” he says. “Does going through the process of making a bid help you sharpen your pencils, do you come out the other end better focused on what it would take to attract a prominent, high tech company to your city?” Or is it simply a suck on energy, money, and hope?

For Amazon, the more bids they get, the better. “On the company side it’s like an earned media strategy,” says Leroy. “[Amazon] can stage a rare public auction and get an insane amount of media attention.” The local officials, meanwhile, “get jerked around and used as straw men.”

“If you’re not a Boston or Washington or Austin, etc, that clearly has executive talent pool, I say to them, look,” adds Leroy. “Ask yourself candidly: can we supply enough executive brain cells for company’s needs? If not, it’s a waste of time.”

But in order to have a shot at all, cities might just have to play Amazon’s game. “Does Amazon have an idea of what the final list might look like now? They probably do,” says site consultant Levine. “Could they be surprised by someone who comes in with a unique opportunity and offers them something no one else is offering? Yeah, I think there could be someone on the short list that could be a surprise to anyone.”
Levine predicts that 150 to 200 proposals will be submitted by October 19; a number Amazon will whittle down to six or seven finalists—and then there will be one.

*Alastair Boone contributed reporting.*
Will Philadelphia land Amazon HQ2?
Moody's likes city's chances

In this photo taken Sept. 27, giant spheres are seen under construction just outside Amazon's Day One building in downtown Seattle. A Moody's Analytics report ranks Philadelphia No. 3 in most ideal locations for the e-commerce giant’s second headquarters. (Elaine Thompson/AP)

Andrew Wagaman – October 16, 2017

Philadelphia boasts many of the qualities tech giant Amazon desires in the site of its second North American headquarters, according to a Moody’s Analytics report.

The competition among metropolitan areas for the approximately $5 billion project is fierce, but in its report released last week, Moody’s ranked the City of Brotherly Love as the third-most ideal location of 65 it assessed, behind only the Austin, Texas, and Atlanta metropolitan areas.
The Lehigh Valley wasn’t considered among the metro areas assessed because it has fewer than 1 million people, one of the site preferences Amazon identified last month. Don Cunningham, president and CEO of the Lehigh Valley Economic Development Corporation, said regional leaders will still submit what he considers a very compelling proposal for what’s being called “Amazon HQ2.”

An Amazon Prime Air Boeing 767 is unloaded at Lehigh Valley International Airport. The Lehigh Valley plans to make a pitch to Amazon for the company’s second headquarters. (THE MORNING CALL FILE PHOTO)

The Lehigh Valley offers many of the same positives as Philadelphia at a more affordable cost of living and with shorter commute times for workers, Cunningham said. He expressed skepticism about the predictive power of the report from the research arm of financial services and ratings agency Moody’s Corp.

After months of looking forward to beach weekends, you’re dreading trying to figure out what to do.

But Philadelphia would be the next-best result because the project’s benefits would reverberate north to this region, he said.

In a statement, Philadelphia Mayor Jim Kenney said he was “gratified” that Moody’s recognized Philadelphia’s ability to support Amazon’s long-term growth.
“We’re really at a sweet spot,” Kenney said. “The location is central on the Northeast corridor, the talent pool is vast, and Philadelphia has all of the amenities Amazon’s employees want, at a lower cost than other big cities.”

Amazon has opened the search for a second headquarters, promising to spend more than $5 billion on the site. (September 7, 2017) The Seattle-based e-commerce and cloud computing company announced in early September its intention to select a site in 2018. Other than population, Amazon said it would favor locations with the ability to attract and retain technical talent, especially in software development and related fields, and communities that “think big and creatively” when it comes to real estate options.

Since then, city and economic development officials in most cities have scrambled to refine their pickup lines.

HQ2 could create 50,000 jobs paying on average more than $100,000 annually. Amazon is accepting proposals through Thursday.

The Moody’s report looked at a metro area’s tax environment; growth in tech jobs over the past five and 10 years; the number of people who recently earned engineering, computer and math degrees; transportation, cost of living and quality of life, among other things.

Pittsburgh ranked fifth overall, and a metropolitan area consisting of Bucks, Montgomery and Chester counties came in at No. 59.

Philadelphia earned high marks for the number of people who earned degrees last year in computer, engineering and math subjects, especially relative to the entire workforce with those skills.

It also got among the highest scores for the percentage of adults who walk, bike or use public transportation to get to work.

Moody’s dinged Philly for its business tax climate and its anemic overall job growth in recent years.

Moody’s also assessed geographical factors such as the number of statewide fulfillment centers and the proximity to the closest home of Amazon founder and CEO Jeff Bezos, though those factors did not count toward the ranking.

Pennsylvania has 12 fulfillment centers, including three in the Lehigh Valley, and Bezos has a home in New Jersey. Philadelphia earned the highest score based on geography.

Amazon is one of the Lehigh Valley’s largest employers, with more than 2,000 full-time workers across two warehouses in Breinigsville and 1,500 full-time workers in Palmer Township.
John Boyd Jr., a site selection expert in Princeton, N.J., said Philadelphia offers a strong case because of its central location in the Northeast and the number of nearby research institutions from which Amazon can tap skilled workers.

The city also offers numerous industrial properties ripe for repurposing as well as the Navy Yard, a decommissioned military base in South Philly.

Boyd noted that a “common denominator” in other economic development sweepstakes has been a vocal university president; Drexel University’s John Fry (also chairman of the Greater Philadelphia Chamber of Commerce) has been touting Philadelphia’s merits.

The Moody’s analysis only looked at U.S. cities. Amazon is considering cities anywhere in North America, and some experts consider Toronto a front-runner.

Don’t count out the Lehigh Valley, Cunningham said Monday — regional leaders think they’re offering a few undisclosed “blockbuster propositions” that could woo the largest online retailer.

“Philadelphia would be great, but if Amazon wants to focus on the quality of life for employees, you can get that here while still accessing everything you need as a company,” he said.

Ten highest-ranked metropolitan areas

1. Austin-Round Rock, Texas
3. Philadelphia
4. Rochester, N.Y.
5. Pittsburgh
7. Miami-Miami Beach-Kendall, Fla.
10. Boston
Score breakdown

Philadelphia

Rank: 3
Business environment: 3.1 out of 5
Human capital: 4.1
Cost: 3.1
Quality of life: 2.2
Transportation: 2.9
Geography: 4.3

Montgomery/Bucks/Chester counties

Rank: 59
Business environment: 2.6 out of 5
Human capital: 1.9
Cost: 1.5
Quality of life: 2.3
Transportation: 1.9
Geography: 4.3

Source: Moody’s Analytics
The Boyd Co., Inc.
@TheBoydCompany

Boyd at Chelsea Studios of NY1 today. Talking #AmazonHQ2 & Big Apple #econdev trends with Anthony Pascale. #siteselection #CRE #FDI
Boyd in Philadelphia today, weighing in on its bid for #AmazonHQ2. Academic community, public transit strong suits. #siteselection #econdev
On CBS St. Louis last night with Joe Buck pitching his hometown for #AmazonHQ2. #siteselection #econdev #CRE: bit.ly/2wZEyjT
Minnesota’s Amazon pitch sent: Just business. No gimmicks, gadgetry or gigantic wads of cash

By Rachel E. Stassen-Berger
October 18, 2017

On Wednesday, one day before regions across North America will pitch Amazon sites for its new headquarters, Minnesota will submit “a business-like proposal without the gimmicks or the gadgetry and all the sensational PR stuff,” Gov. Mark Dayton said.

The Minnesota pitch — and there will be just one for the entire state — will not include any offers of massive tax breaks, nor will it pinpoint any one location as ideal for the digital retail giant’s second headquarters, officials said.

Instead, in a detailed proposal submitted on paper and electronically Wednesday, the state and its Twin Cities economic development partner will lay out the reasons that the state’s educational, cultural, transportation amenities would make an ideal place for the company’s $5 billion investment and 50,000 employees.

“No that the bid has been submitted, we await further instruction from Amazon regarding next steps,” Shawntera Hardy, Minnesota’s Department of Employment and Economic Development commissioner, said Wednesday morning.

Minnesota officials they have submitted what they believe Amazon wants. But other states and cities are taking a far different approach — including specific sites, social media campaigns, multi-billion dollar tax breaks and demonstrations of their Amazon love. Amazon, which has run its hugely profitable $400 billion operation out of a Seattle headquarters for two decades, will decide this year which approach fits its needs.

“This is the project of our time, the most significant headquarters location project in the history of economic development,” said John Boyd, principal of the Princeton, N.J.-based location consultant Boyd Co., whose clients include Boeing, Chevron and JPMorgan Chase.

The Twin Cities show well and can boast of having other satisfied Minnesota-based Fortune 500 companies, he said. He said Dayton’s personal pitch would be helpful as well, but the state’s reputation for high taxes may not.
“The regional assets that we possess here and the Minneapolis/St. Paul region are exactly the kind of strengths that they’re looking for in a place to live, work and raise their families,” an optimistic Greater MSP CEO Michael Langley said of the Amazon plan his development organization created with the state.

WHERE EXACTLY? IT’S A SECRET

Which Twin Cities sites are part of that plan were officially kept secret — as part of the agreement with Amazon to treat the pitches confidential.

But Twin Cities leaders, Pioneer Press sources and other media have listed several possible sites for Amazon to land:

- The former Twin Cities Army Ammunition Plant site in Arden Hills, known by the initials TCAAP. The site includes more than 400 acres — far more than the 100-acre needs Amazon said it may have, and has long been readied for redevelopment.
- The St. Paul riverfront area that once housed West Publishing. It’s transit friendly, has views of the river and is in the heart of the capital city. It has a smaller footprint than the TCAAP site but is also readied for its next owner.
- Minneapolis land near Target Center and the farmer’s market. Close to downtown, with ample transit and highway options, it could give Amazon a home deep in the state’s largest city.
- The former Kelley farm land in Bloomington. Only minutes from the airport, this site would be a suburban locale near to the Twin Cities with plenty of room to grow.
- In the available lands near Minneapolis’ Prospect Park neighborhood. This area is minutes from both downtown Minneapolis and St. Paul, on an existing light rail line and a short walk from the University of Minnesota’s main campus.

Locals have listed other potential sites — including in St. Paul’s developing Midway area and in the exurbs of Scott County.
Those who know which sites were ultimately chosen to forward to Amazon were not saying publicly, citing the company’s demand for confidentiality.

“We have a number of sites. They went through a winnowing process,” Dayton said.

Langley said the process of choosing among them was a peaceful one, however, and Hardy, Minnesota’s economic development commissioner, said the pitch includes financial incentives the local governments were willing to provide.

**NO STATE CASH … YET**

But the state isn’t offering up any massive cash breaks to Amazon, yet.

“If Amazon is looking to see where they can get the most free cash, then they should look somewhere else,” said state Rep. Pat Garofalo, a Republican from Farmington and chair of the House’s job growth committee.

While New Jersey Gov. Chris Christie dangled the possibility of $7 billion in tax breaks to woo Amazon and Wisconsin has approved a $3 billion incentive package to land Foxconn’s new flat-screen plant in Racine County, Minnesota is not playing the give-away game.

The initial package the state is sending to Amazon will include a listing — but only a listing — of the $36 million in transportation and job creation funds Minnesota makes available to any company that fits certain specifications.

“We are not making a proposal or an offer of any financial incentives to Amazon at this stage,” Dayton said.

That doesn’t mean that Minnesota cannot be wooed to provide Amazon some extra help if it is asked later in the process. But those breaks would have to come through the Legislature and win gubernatorial approval to come to fruition.

**AMAZON IN SHAKOPEE**

Incentives were not key for the Shakopee landing Amazon’s fulfillment center a few years back. That’s in sharp contrast to a national Business Journal study that found Amazon has received at least $1.2 billion in subsidies from states across the country. The list of subsidies, from the study, found Wisconsin wooed two 1,000-job facilities with about $35 million worth of breaks.

Begging Amazon to come played no part in the behemoth picking Shakopee for the 2,000-employee Minnesota facility a few years back.
Amazon opened its gigantic, under-construction Shakopee fulfillment center to visitors in February 2016. (Pioneer Press: Julio Ojeda-Zapata)

“We encouraged them to look elsewhere and find a more suitable location,” said former Shakopee Mayor Brad Tabke. “We said no multiple times.”

But Amazon — and encouragement from the region — eventually turned that around. The city, however, still didn’t pony up the cash. The state offered no tax breaks or other incentives and the city landed on only $1.2 million worth of inducements. Amazon, which is worth billions, ended up saying no to the $1.2 million.

Shakopee did make $5.7 million worth of road improvements around the Amazon site, through tax-increment financing, but those fixes were in the city’s plans anyway, Tabke said.

“They were on the list to be upgraded,” he said. “(Amazon) didn’t see a penny of that.”

Amazon is now advertising for more employees in Shakopee and Tabke is pleased.

“It was very positive and the people working with Amazon were great,” he said. “I think that Amazon likes the game ... and they respect strength in the whole process.”
Triangle asks Amazon to look at seven sites for its new headquarters

By Craig Jarvis And Zachery Eanes - October 17, 2017

With just two days to go, Triangle economic development officials on Tuesday mailed their pitch to Amazon to build its second headquarters here.

States and local leaders across the country have scrambled to put together proposals that would convince the online retail giant to deliver a massive economic investment. Amazon gave the hopefuls until Thursday, and said it would make its choice known next year.

After last-minute editing, the Triangle’s proposal was sent by Federal Express.

“Now we just play the waiting game,” Ryan Combs, executive director of the Research Triangle Regional Partnership, said in an interview Tuesday.

The partnership, an association of economic development agencies, submitted seven sites for Amazon to consider. Combs declined to say where the sites are in the region.

Scott Levitan, president and CEO of Research Triangle Foundation, said on Tuesday, “There are a number of sites within the Research Triangle Park that are included in the proposal.”

The park has the space and other qualifiers that meet the requirements of the massive project.

Geoff Durham, president and CEO of the Greater Durham Chamber of Commerce, on Tuesday confirmed that at least one site in Durham located outside of RTP was included in the bid.

Seattle-based Amazon says it will spend $5 billion on construction and hire up to 50,000 people at a second headquarters, and invited regions in the United States and Canada to collaborate to produce proposals.

The announcement has led to weeks of feverish pitches to attract Amazon’s attention, including posting short videos online and, in the Triangle last week, a day of tweeting the Triangle’s various attractions.

Combs said local officials saw what other states and cities were doing, and so invited major employers, universities and others to brainstorm ideas in a meeting.
“This was an inside-out project,” Combs said. “Usually we don’t know who is the person you’re marketing to. Amazon turned economic development on its head. We wanted to put our best foot forward and this was a way to do that, we thought.”

Charlotte, the Triad and other regions of North Carolina have submitted their own proposals.

“We feel great,” Combs said. “We really do feel like we’ve got a good shot in this.”

John Boyd, a site selection consultant in New Jersey, said it’s reasonable that the project could end up somewhere in North Carolina.

“I expect Raleigh and Charlotte to be looked at very closely by Amazon because of the state’s positive business climate (i.e. low taxes and new incentives), its premier labor market and access to world-renown colleges and universities and growing IT sector, and because Amazon is already a sizable employer in the Tar Heel State and has a solid working relationship with the state’s economic development leaders,” Boyd said in a recent email.
Delaware unveils its longshot pitch for Amazon HQ2


A central location on the East Coast. Some of the fastest internet speeds in the nation. And a relatively low tax burden.

Those are some of the major selling points Gov. John Carney is highlighting in Delaware's formal bid to land Amazon's second U.S. headquarters – a project that promises $5-billion worth of real estate investment and up to 50,000 jobs.
"We believe that Delaware has submitted an aggressive, competitive proposal worthy of Amazon's consideration," Carney said in advance of Thursday's public unveiling of the state's longshot pitch at The Delaware Contemporary art museum in Wilmington.

Amazon already operates a 1.2-million-square-foot distribution center in Middletown and another, smaller facility in New Castle. But this would be a corporate headquarters with jobs that offer an average salary of $100,000, nearly 40 percent higher than Delaware's median household income.

Delaware's proposal offers two sites as possible locations for the 8 million square feet of office space Amazon is looking to build – a total that exceeds Wilmington's entire stock of office space.

Those sites include a 425-acre property that once housed Evraz Claymont Steel and an 82-acre block of properties along Wilmington's South Market Street, just south of the Christiana River, mostly owned by the Buccini-Pollin Group. A third site, the 82-acre former AstraZeneca campus in Fairfax, is being pitched as a possible location for the 500,000-square-feet Amazon says it will need immediately.
All three properties are within 30 miles of Philadelphia International Airport and the center of a major metropolitan area with more than a million people – both identified as prerequisites by Amazon.

The state's formal submission also includes at least nine letters of recommendation from Delaware's elected officials and local companies, including The Chemours Co., Incyte Corp., Christiana Care and CSC.

Carney even launched a website, OptionsInDE.com, that features a three-minute video – produced by Short Order Production House – extolling the state’s affordable cost of living, diverse communities and educated workforce.

_Brett Saddler, executive director of the Claymont Renaissance Development Corp., stands in front of the former Evraz Claymont Steel site where Saddler believes Amazon could build a new headquarters. (Photo: Jerry Habraken, The News Journal)_
The governor's office is not releasing the actual proposal it sent to Amazon, however.

Citing non-disclosure provisions in Amazon's request for proposals, state officials also are refusing to discuss one of the leading factors Amazon may use in choosing a location for its so-called "HQ2": financial incentives.

"We cannot share that," Carney said. "It's a pretty big number – the largest number I've ever seen as it relates to economic development projects here in our state. But, of course, it pales in comparison to some of the offers made by larger states and cities."

Several of the roughly 50 cities, regions, and states that are submitting bids to Amazon spent the past week touting a jaw-dropping assortment of tax breaks, fee reductions, and grant packages.

New Jersey Gov. Chris Christie on Monday laid out nearly $7 billion worth of incentives tied to a Newark proposal. Pennsylvania officials are reportedly offering up to $3 billion in incentives to bring Amazon to Philadelphia, which is widely believed to be a front-runner for the tech giant.

"It's a tragic overspending orgy," said Greg LeRoy of Good Jobs First, a labor-backed watchdog group that monitors state economic development deals. "These are rotten deals for taxpayers upon which they may never break even."

Those types of deals also are likely outside of Delaware's weight class.

The 80-acre Fairfax campus that AstraZeneca sold to developer Delle Donne & Associates last summer is one of three sites Gov. John Carney is hoping will help convince Amazon to build its second U.S. headquarters in Delaware. (Photo: GARY EMEIGH/THE NEWS JOURNAL)

The First State's largest incentive package of all time topped out at $110 million – a mix of grants, tax credits and road improvements used to lure AstraZeneca's North American headquarters to Fairfax during the economic boom years of the late 1990s.

If the dollar-to-job formula used to land AstraZeneca were to hold up, it would equal about $1 billion in today's dollars.

New Jersey's $7 billion deal is nearly twice as large as the entire budget for Delaware, which in recent years has allocated just $10 million a year toward economic development incentives.

"When you talk about contributing something meaningful to Amazon in terms of dollars, it's hard to do that," New Castle County Executive Matt Meyer said. "But the basis of our pitch is this: it's an extraordinary place to attract talent, an extraordinary place to access markets and for the cost of living and quality of living we offer, it's hard to do better."
Gov. John Carney announces the three Delaware sites that have been chosen as the best potential locations for Amazon's new headquarters during a press conference Thursday at the Delaware Contemporary. (Photo: Jerry Habraken, The News Journal)

Delaware also is in the early stages of completely overhauling its economic development efforts. Carney last summer eliminated the Delaware Economic Development Office and transferred many of its duties to a new public-private partnership that remains unstaffed.

The state's pitch to Amazon was spearheaded by the Division of Small Business, Development and Tourism, a newly created agency focusing its efforts on supporting businesses already in existence here.

Amazon's open competition for its future second headquarters coming during that transition likely will not impact Delaware's already slim chances.

LeRoy said he suspects Amazon already has a short list of locations and is pitting locations across the country against each other in an effort to simply leverage the best tax breaks.

"The largest criteria is going to be the presence of executive talent, engineers, lawyers, CPAs and marketing brainiacs," he said. "Tax breaks don't raise IQs or produce more engineers."
Yet Delaware's bid does appear to lack some of the inventiveness Amazon said it was looking for when it asked communities to "think big and creatively."

Philadelphia, for instance, rolled out three videos over three days promoting the city's logistics, workforce talent, and livability as part of a campaign titled #PhillyDelivers.

But even that effort looks pedestrian next to Stonecrest, Georgia's offer to de-annex 345 acres and rename the property in the Seattle-based company's honor.

Birmingham, Alabama, placed three giant Amazon boxes around the city and encouraged residents to join a social media campaign. Tuscon, Arizona, sent a 21-foot cactus to Amazon's current headquarters. And Kansas City's mayor bought 1,000 products on Amazon and reviewed them all.

Delaware's pitch video and website never even mention the word "Amazon."

That could be because the state is hoping to use its pitch to attract other companies that are watching the Amazon competition play out.

"This is much bigger than solely Amazon," said Cerron Cade, who heads the state's new economic development division. "This is a conversation and pitch for all businesses that are looking to come and grow right here in the state of Delaware."

John Boyd, a principal with Princeton, New Jersey-based corporate site selection consulting firm The Boyd Co., called that approach a "smart maneuver."

"The HQ2 site search is a powerful platform for Delaware to make its case to a national audience," he said. "The state may be a longshot to win Amazon. But if Philadelphia were to be selected, some of the sites highlighted by Delaware could easily be in contention for some of Amazon's suppliers and vendors."

Amazon is expected to announce its final choice for the HQ2 sometime next year.
Nicklaus: Amazon competition is 'all about brain cells'

David Nicklaus - David Nicklaus is a business columnist for the St. Louis Post-Dispatch
October 22, 2017

Amazon employees tend to their dogs in a canine play area adjacent to the company’s Seattle headquarters.

Give Gov. Eric Greitens credit for creativity, but a high-tech Hyperloop is unlikely to be the deciding factor in where Amazon puts its second headquarters.

Greitens emphasized the futuristic transportation system, which backers say could whisk travelers across the state in 25 minutes, in Missouri’s pitch for Amazon to put its so-called HQ2 in St. Louis, Kansas City, or both.
The giant online company, though, wants to start building its new campus in 2019, and the tube-based Hyperloop technology is nowhere near shovel-ready. Besides, there’s no guarantee that Missouri will win the worldwide competition — or come up with the money — to build an initial Hyperloop route.

Amazon, then, is likely to focus on here-and-now issues, like where it can find the workers it needs. “It’s all about brain cells,” says Greg LeRoy, executive director of subsidy-tracking group Good Jobs First.

St. Louis has several well-regarded universities, and that’s a plus. We look less good on other human-capital indicators: Our population is aging and slow-growing; recent reports actually show the area workforce starting to shrink.

To some extent, workers will eagerly move to any region that lands HQ2. Amazon, though, seems to be looking for a city that is already a magnet for college-educated professionals.

John Boyd, head of the Boyd Co. site-location consulting firm in Princeton, N.J., has looked at many of the proposals submitted by cities and regions last week. He thinks a group of front-runners has emerged, including Atlanta, Boston, Chicago, Dallas, Newark, N.J., and the Washington, D.C., area.

Boyd puts St. Louis in a category of “interesting outliers,” along with Austin, Texas, and several Florida cities. They meet enough criteria to be possibilities for an “out-of-the-box, unpredictable company,” he says.

The St. Louis Economic Development Partnership kept most of its Amazon proposal secret, including the amount of subsidies it might offer, but Boyd likes the few details he has seen. He says the real estate, which includes downtown buildings and sites on the riverfront in both Missouri and Illinois, may appeal to a company that likes to collect as many friends in Congress as possible.

Boyd also likes St. Louis’ pitch video, which features sportscaster Joe Buck and various businesspeople.

“This type of advocacy shows that there’s support not just from a mayor and governor but from the private sector as well,” he said. “This kind of thing does matter.”

One thing’s for sure: Winning will be expensive. Amazon has extracted more than $1 billion in state and local tax breaks over the years for warehouses and other facilities, and the HQ2 price tag may be a multiple of that figure.

Among places that have disclosed their incentives, Newark is offering the fattest carrot: $7 billion in state and local subsidies. St. Louis wouldn’t have to offer that much, because the cost of doing business here is lower, but Boyd says Amazon still might expect something in the billions.
“Putting forth a credible package would show the company that St. Louis is willing to be a partner on this endeavor,” he said.

LeRoy, who’s not a fan of most corporate subsidies, suspects that this high-profile search is all about coaxing public officials to be more generous.

“Amazon is staging a public auction to gin up the pressure for tax incentives from every place on the planet,” he said.

That sounds about right. Unfortunately, when states and cities should be dialing back their use of subsidies, the HQ2 experience will probably convince them to be even more aggressive.
A new Amazon headquarters in Omaha? City submits a long-shot bid; 'we've decided to go for it'

By Brad Davis / World-Herald staff writer - October 20, 2017

Amazon, which operates out of its base in Seattle, has opened a search for a second headquarters site to house as many as 50,000 employees.

Add Omaha to the list of cities competing to win Amazon’s “second headquarters” that is expected to cost the tech company $5 billion and eventually employ 50,000 people. Though Omaha comes up short on most of the company’s requirements, Randy Thelen, the Greater Omaha Chamber of Commerce’s senior vice president for economic development, said it still made sense to get the city’s name in front of Amazon executives.
That way, if Amazon officials decide to split the headquarters among several different cities, Omaha could be in the running, Thelen told The World-Herald. And even if not, Amazon execs will now be familiar with Omaha and could look to the city for other projects as the company grows.

“We’ve decided to go for it,” Thelen said. When Amazon officials see a list of cities that’s likely to include New York, Atlanta, Austin and Toronto, Thelen said they’ll now also see Omaha.

“We want to be on that list to signal to the tech community that we think we’re prime for that type of investment, whether it’s Amazon or other tech companies,” Thelen said.

The company had said that it wanted a city:

» With at least a million people in the metropolitan area. (Omaha’s is around 930,000.)

» With an international airport. (Omaha’s Eppley is technically an international airport, in that it has customs capabilities, but it doesn’t have any international flights.)

» With strong public transit. (Omaha’s Metro bus system is growing with the addition of a rapid bus service, and there has been discussion of adding a light rail, but the city’s public transport options are limited when compared with the larger cities it would be competing with.)

» With an economy that can provide 50,000 workers. (Amazon would be by far the city’s largest employer; Offutt Air Force Base and CHI Health employed more than 7,500 people each in recent years. The city’s sub-3 percent unemployment level means a tight labor market.)

» With the ability to attract and retain a tech-focused workforce. (Thelen said PayPal, LinkedIn, Oath — formerly called Yahoo — and other companies already have substantial presences in Omaha, which should prove to Amazon that tech can thrive here.)

Even if Omaha doesn’t check all the boxes, it would have been “malfeasance” for Nebraska not to bid for the project, said John Boyd, principal at Boston site-selection firm the Boyd Company Inc.

“Obviously, it’s a long shot to get Amazon’s second headquarters, but so what?” Boyd said. A bid would give Omaha and Nebraska officials the chance to promote the city, its low cost of doing business, available incentives and potential workforce collaborations, Boyd said.

“Forging relations with Amazon executives with site visits could lead to a back-office project down the line. It could even lead to Amazon encouraging one of its suppliers or vendors to put a facility in Omaha,” Boyd said.
Take General Electric’s headquarters hunt in 2015, Boyd said. The company ultimately selected Boston, but Atlanta was a runner-up in the process. GE executives had positive experiences in Atlanta, and decided to open an information-technology office there, Boyd said.

“Being the runner-up for a project or even a candidate often leads to real corporate investment and jobs down the line,” Boyd said.

Thelen, at the Omaha chamber, said Omaha’s application for the Amazon project didn’t have the over-the-top bells and whistles of some cities: One city has offered to rename itself for Amazon; Birmingham, Alabama, has put big Amazon-branded boxes around the city; Tucson tried to send a giant cactus to Amazon headquarters; and the mayor of Kansas City is said to have bought 1,000 items from Amazon online.

In Omaha, it was just the facts, Thelen said. And the facts should speak for themselves, he said. (He declined to provide the proposal to The World-Herald; he said it wouldn’t be made public.)

“We’ll leave the gimmicks and games to others,” Thelen said. “We’re not pulling off stunts. Ours is a serious proposal highlighting our talent and attributes.”

Thelen said the Omaha proposal mentioned state and local incentives that Amazon could take advantage of — tax breaks and the like — but that the Omaha team didn’t think there was a reason to create a new incentive program specifically for Amazon.

He said local architecture firms and real estate developers were involved in the application process.

Amazon isn’t expected to choose a city for what it’s calling its “second headquarters” until sometime next year. The deadline to submit an application to the company was Thursday. The company, which is based in Seattle, has said it’s looking for a new city to employ around 50,000 people over the next two decades.

About 100 North American cities are expected to compete for the project, Bloomberg News figured. The technology-focused team there said it figured finalists for the project could be: Atlanta, Austin, Boston, Chicago, Denver, Detroit, New York, Pittsburgh, Toronto and Washington, D.C.

Omaha’s not on that list? So what, the city’s boosters said Thursday. It could be now.
NEW YORK • Amazon said Monday that it received 238 proposals from cities and regions in the United States, Canada and Mexico hoping to be the home of the company’s second headquarters.

The online retailer kicked off its hunt for a second home base in September, promising to bring 50,000 new jobs and spend more than $5 billion on construction. Proposals were due last week, and Amazon made clear that tax breaks and grants would be a big deciding factor on where it chooses to land.
Amazon.com Inc. said the proposals came from 43 U.S. states as well as Washington, D.C. and Puerto Rico, three Mexican states and six Canadian provinces. In a tweet, the company said it was "excited to review each of them."

Besides looking for financial incentives, Amazon had stipulated that it was seeking to be near a metropolitan area with more than a million people; be able to attract top technical talent; be

Amazon says it received 238 proposals from cities and regions in 54 states, provinces, districts and territories across North America. (from www.amazon.com)

within 45 minutes of an international airport; have direct access to mass transit; and be able to expand that headquarters to as much as 8 million square feet in the next decade.

The St. Louis area bid, submitted Thursday, calls for the e-commerce company to locate downtown, along the riverfront just to the north and across the Mississippi River on East St. Louis area riverfront land. Local officials refused to release any details on financial incentives, saying they would remain confidential because of a nondisclosure agreement with Amazon.

Gov. Eric Greitens' administration separately submitted a proposal that envisioned St. Louis and Kansas City connected by an unproven people-mover called the Hyperloop.

Generous tax breaks and other incentives can erode a city's tax base. For the winner, it could be worth it, since an Amazon headquarters could draw other tech businesses and their well-educated, highly paid employees.
The seven U.S. states that Amazon said did not apply were: Arkansas, Hawaii, Montana, North Dakota, South Dakota, Vermont and Wyoming.

Ahead of the deadline, some cities turned to stunts to try and stand out: Representatives from Tucson, Ariz., sent a 21-foot tall cactus to Amazon's Seattle headquarters; New York lit the Empire State Building orange to match Amazon’s smile logo.

The company plans to remain in its sprawling Seattle headquarters, and the second one will be "a full equal" to it, founder and CEO Jeff Bezos said in September. Amazon has said that it will announce a decision sometime next year.

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John Boyd, head of the Boyd Co. site-location consulting firm in Princeton, N.J., has looked at many of the proposals submitted by cities and regions last week. Boyd identified a group of likely front-runners, including Atlanta, Boston, Chicago, Dallas, Newark, N.J., and the Washington, D.C., area. Boyd said he also liked pitches by several “outliers,” including St. Louis. Read more at stltoday.com (Illustration by Josh Renaud/Post-Dispatch)
Amazon Says 238 Places Want to Host Its New Headquarters

By Laura Stevens Published October 23, 2017 Features Dow Jones Newswires

Amazon.com Inc.'s open competition for its second headquarters triggered an extraordinary response, with the tech giant saying 238 cities and regions had bid for the project it expects to cost $5 billion over nearly 20 years.

The proposals, from 54 states, provinces, districts and territories, were announced on Monday. Only seven U.S. states don't have a location participating in the beauty contest. Amazon, based in Seattle, didn't name any of the bidders or say when it would come up with a short list of finalists.

Cities including New York, Boston, Atlanta, Nashville, Tenn., and Austin, Texas, have said they applied for the new corporate site. The more unexpected bidders included Puerto Rico, which was devastated by a hurricane last month, and several locations in Mexico and Canada.

The proposals were due last week, and Amazon has said it would make a decision on the new location next year.

Amazon has said it would consider factors such as the availability of software developers and other tech talent, good transportation options, cultural fit -- recreational opportunities are a metric -- and the ability to move into a phase-one site as early as 2019. Other items on its wish list: a metro area of more than one million people and tax incentives such as breaks, abatements, credits and rebates.

"Few companies have the swagger, the wherewithal to do a high profile site selection like this," said John Boyd, principal and site selection expert at The Boyd Co. Inc. "Clearly, this is a very special, special case."
The last time site selection has seen something remotely comparable to this process was in the late 1980s, when General Motor Co. had governors going on TV to market their states for a car manufacturing plant, Mr. Boyd added.

Massachusetts publicly released a proposal last week separate from Boston's, touting the state's strong higher education network -- 125 colleges and universities -- and Amazon's existing operations there, which include warehouses and an office where it focuses on robotics.

"These institutions produce the best educated workforce in the country and have helped make Massachusetts a world leader in technology, science, and health care," the state said. "We think they can make great things happen for Amazon, too."

New York City said that it was proposing four different locations: Midtown West, Long Island City, the Brooklyn Tech Triangle and lower Manhattan, all of which meet Amazon's prerequisites.

"We see this as a competition for 50,000 new job openings -- jobs we want New Yorkers to land," Mayor Bill de Blasio said in a statement last week. "We win it based on the talent of our workers and the incredible diversity of industries in this town."

Washington, D.C., in comments released last week, proposed four sites, touting last year's No. 1 ranking as restaurant city in Bon Appétit, as well as its 2014 "Coolest City" title from Forbes. Amazon founder and Chief Executive Jeff Bezos, who also owns the Washington Post, bought a home there last year for $23 million.

In recent weeks, cities tried to grab Amazon's attention with stunts including New York lighting up its iconic buildings in the company's signature orange; Gary, Ind., (which doesn't appear to meet Amazon's requirements) taking out an amusing ad in the New York Times; and southern Arizona, which attempted to send Mr. Bezos a 21-foot cactus. (Amazon turned down gifts and instead arranged for it to be donated.)

Some cities and states are proposing big incentives. Newark, N.J., last week said it would offer a potential package of $7 billion over a decade. Amazon has an economic-development team dedicated to shopping for incentives for its expansion.

Still, it is unclear where Amazon might land.

"I don't think any one market fits everything. It's going to be a balancing act of the various attributes," said Dave Bragg, a managing director at Green Street Advisors, a Newport Beach, Calif., firm that conducts real-estate research.

Amazon has increased its workforce from a few thousand to more than 40,000 over the past decade. And it is still planning to add 2 million square feet and 6,000 people in Seattle the next 12 months.
While Amazon continues to grow in Seattle, experts say it would be difficult for the company to essentially double its footprint there. In addition, hiring thousands more software developers will almost certainly be cheaper and easier in a different city, they say.

Amazon has said that it will give its team leaders the choice of staying in Seattle, relocating or being based out of both locations. The company has said that the average pay for the new jobs will be about $100,000, depending on where it locates.

The weeks leading up to the deadline included many applications, including some from potentially unlikely candidates. Puerto Rico sent in a proposal even as much of the island remains without electricity following devastation by Hurricane Maria. Some Native American reservations also applied.

Stonecrest, Ga., located near Atlanta, voted to de-annex 345 acres of land to use it to form the city of Amazon -- if it wins the bidding war. "There are several major U.S. cities that want Amazon, but none has the branding opportunity we are now offering this visionary company," said Mayor Jason Lary, according to the city's website.

Nearly a dozen Canadian cities have submitted bids, including a joint bid from Toronto and Waterloo as well as from Hamilton, Vancouver and the national capital of Ottawa.

While the Toronto-led bid didn't include any tax incentives, it appears to be Canada's best bet in landing the tech giant's second headquarters, highlighting the region's access to local talent, a strong immigration policy and how the country's health-care system could save Amazon another $600 million a year.

According to a map published Monday by Amazon, bids came from three Mexican states: Chihuahua, which borders Texas and New Mexico, Hidalgo and Querétaro.

Four of the U.S. states that didn't bid -- North and South Dakota, Wyoming and Vermont -- don't have one million people. Two more that didn't bid, Montana and Hawaii, aren't far above that mark.

Arkansas, home to Amazon's biggest competitor, Wal-Mart Stores Inc., was also absent from bidding. Little Rock last week launched a new, economic-development campaign with an ad and a banner over Seattle that said, "Hey Amazon, it's us, not you."

"We decided that we would break up with them before they broke up with us," Little Rock Mayor Mark Stodola said in an interview last week.
Let the sifting begin: Amazon sorts through hundreds of HQ2 bids

Mark Belko
Pittsburgh Post-Gazette
Oct 23, 2017

Talk about sleepless in Seattle.

All nighters might await Amazon executives as the e-commerce giant faces the enormous task of evaluating 238 proposals, including one from Pittsburgh, for a proposed second headquarters.

Amazon was swamped with proposals from 43 of the 50 U.S. states, Washington, D.C., seven Canadian provinces, three Mexico states and hurricane-ravaged Puerto Rico — all tempted by the promise of up to 50,000 jobs and $5 billion in investment.

“The team is excited to review each of them!” the online retailer tweeted.

But the company may have gotten more than it bargained for, according to one site selection expert. “I don’t think they expected anything like this. It’s incredible,” said John Boyd, principal of The Boyd Co., a Princeton, N.J.-based site selection consultant.

He sees plenty of public relations pitfalls ahead. The company has received massive amounts of free media as a result of asking for bids for its planned HQ2, but Mr. Boyd believes Amazon already knows the cities that it considers the most likely contenders.

The challenge will be in making sure all of the others that submitted thick proposals with slick videos and endorsements from civic, business, and political leaders get the attention they deserve. Company officials will have to deal with the offers “very gingerly” — and not just discard those that have no chance, he said.

Of the 238 proposals, Mr. Boyd estimated 10 to 15 deserve serious consideration.

“The real challenge is to deal with the bridesmaids, the 215 bridesmaids,” he said.
Amazon did not release any other information Monday beyond the number of proposals it received and a map that showed the 54 states, provinces, districts, and territories across North America from which they came. It did not identify bidders by name.

The online retailer has said a “special multidisciplinary team” will read and evaluate each of the proposals submitted.

That could make for some long nights. Pittsburgh’s bid was about 2 inches thick and included a video, as did many of the other bids. Mr. Boyd referred to them as “home movies.”

“Oh, my God, they reinvented the term, what a home movie is all about,” he joked.

Allegheny County Executive Rich Fitzgerald isn’t concerned Pittsburgh will get lost in the shuffle. “We stack up extremely well against some of the other major cities in North America,” he said.

Not everyone joined the sweepstakes. U.S. states sitting out the competition are Hawaii, Montana, North Dakota, South Dakota, Wyoming, Arkansas and Vermont.

Amazon has said it hopes to make a decision next year. It has not been any more specific than that, but Mr. Boyd expects the e-commerce giant to make a decision by mid-summer.

“The genie is out of the bottle. They need to address this national phenomena they created. They will be under enormous pressure to make a decision,” he said.

While Oct. 19 was the deadline for joining the competition, it by no means marks its end. The company may send delegates to the cities it’s most interested in. Mr. Boyd anticipates additional phases as part of Amazon’s “negotiating strategy.”

While he believes the availability of tech talent will be the deciding factor, having phases could force cities to up the ante in terms of incentives. Amazon has said that incentives “will be significant factors.”

Mr. Boyd, who has done work for PNC Financial Services Group, views Boston, Chicago, Dallas, Philadelphia, Atlanta, Washington, D.C., and Newark, N.J. — which has offered $7 billion in incentives — as top contenders.
Pittsburgh, he said, could be in the top 15 based on its strong universities and burgeoning tech presence. Drawbacks include its airport (there is no nonstop flight to Seattle, for instance) and in attracting the talent to fill 50,000 jobs.

At least one party is betting Western Pennsylvania has a hot hand.

Paddy Power, a bookmaker based in Ireland, rates the Steel City as a 14-1 shot — fifth best behind Toronto, Boston, Austin and Atlanta, the favorite at 2-1 odds.

Pittsburgh has better odds than cross-state rival Philadelphia, Dallas, Los Angeles and Washington, D.C., according to the bookmaker.

Just the fact that there’s a betting line shows how the Amazon site selection process has turned into a sport with communities touting their teams and rooting for their chances.

“It’s almost like who’s going to win the Super Bowl,” Mr. Fitzgerald said. “It’s almost like a parlor game.”

Pittsburgh, of course, has been part of the hunt from the first.
Philby and neighbors among 238 entrants in race for Amazon's HQ2

Artist's rendering of part of the uCity Square complex being developed in University City, one of the sites pitched in Philadelphia’s proposal to Amazon.

by Jacob Adelman, Staff Writer - October 23, 2017

Philadelphia and some of its neighbors are among 238 cities and regions across North America that are bidding to become home to Amazon’s planned second headquarters campus, according to a tally posted on the company’s website Monday.
Proposals to host Amazon.com Inc.’s new corporate home came from 54 states, provinces, districts, and territories across the continent, it said. Bids originated from all but six U.S. states (Montana, Wyoming, North Dakota, South Dakota, Vermont, and Arkansas), according to an accompanying map.

The tally was released four days after Amazon’s Oct. 19 deadline for responses to its request for proposals to accommodate the company’s expansion beyond its native Seattle. Locally, bids came from Philadelphia, Delaware County, Camden County, and the state of Delaware. Bensalem and Bristol Townships in Bucks County also each submitted a proposal.

Amazon’s headquarters-search team will review each of the proposals in the coming months, company spokesman Adam Sedo wrote in an email.

John Boyd, a Princeton-based location consultant, said the large volume of applications received by Amazon is a result of many bids coming from single metropolitan areas, such as the Philadelphia region.

Boston and its near neighbors in Massachusetts and elsewhere in New England also submitted separate pitches, as did municipalities in the New York City metro and San Francisco Bay areas.

Amazon had asked for one response per metropolitan region as part of its original request, in which it outlined its plan to employ 50,000 skilled workers at the second headquarters campus, nicknamed HQ2. The plans call for spending $5 billion to develop millions of square feet of office space.

“At the outset of this process, Amazon certainly had a select group of cities they felt would show the most promise,” said Boyd, whose company has helped Boeing Co., PepsiCo Inc., and others with site searches. “Now they have 238.”

Boyd said that Amazon would probably generate a short list of 10 to 15 serious contenders for the new headquarters and that company officials would in coming months begin making in-person visits to specific sites. He predicted that Philadelphia would make the company’s short list.


Camden County has a Delaware River waterfront site in mind for the retail giant, and Delaware has proposed a block of properties along Wilmington’s South Market Street, a former steel mill in the New Castle County town of Claymont, and a business park in Fairfax.

Delaware County and Chester City, and Bensalem and Bristol Townships were also offering up stretches of their waterfronts for the retail behemoth.
If any of those sites makes Amazon’s initial cut, local boosters will go out of their way to make sure the company gets a broad look at the overall region, said Matt Cabrey, executive director of the Greater Philadelphia Chamber of Commerce’s business-retention affiliate, Select Greater Philadelphia.

“When the Amazon team names Greater Philadelphia as one of their short-listed regions, we will host them as a unified community,” he said.

Boyd said he did not expect Amazon to look any less favorably upon metro regions such as Philadelphia that submitted multiple bids.

“Amazon can walk and chew gum at the same time,” he said. “They’ll sort this out.”
We talk to Shallima Maharaj of Canada Global News on Toronto's bid for #AmazonHQ2. #FDI #econdev #siteselection: bit.ly/2i2rRyA
Handicapping the Amazon sweepstakes

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

By 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.

*John Boyd Jr. is principal of The Boyd Company, a corporate site-selection firm based in Princeton, N.J.*
Welcome to the Amazon Games

Hear an echo? That’s the world’s largest e-commerce company doing to economic development what it did to shopping malls.

by RON STARNER & ADAM JONES-KELLEY

funny thing happened on the way to the e-store. Amazon launched a “search” for a second headquarters home, and upended another industry in the process. The established rules of site selection and economic development went the way of the suburban shopping mall. Forget the comfy confines of the confidential site search; Amazon decided it would pit every state and community against each other in a dramatic public competition akin to American Idol or the Amazing Race, though talent alone will get you nowhere in this contest.
If this is real — if it’s exactly as stated and billionaire entrepreneur Jeff Bezos has his way — Seattle-based Amazon will bring tens of thousands of high-wage jobs to the North American community willing to pony up the most cash — er, “incentives package” — to lure the Washington giant to its new home. This is a first in the history of corporate site selection.

How’d we get here?

This magazine’s reporting of US-based Amazon capital investment projects over the past five years shows that the e-commerce firm, on average, nets between $10,000 and $15,000 per job in incentives.

The Amazon RFP issued on September 7 for the competitive HQ2 project promises to deliver up to 50,000 jobs and $5 billion in capital investment to the lucky winner over 15 years — provided the winning bid includes enough “special incentives” to sway Bezos to sign on the dotted line.

The public auction was barely two weeks old before New Jersey Gov. Chris Christie and the New Jersey legislature offered to put together an incentives package valued at $5 billion. Intrepid readers proficient in the dying art of math will note that works out to about $100,000 in incentives per job, a slight tick up from the norm.

May the Odds Be Ever in Your Favor

This unprecedented nationwide competition has become the Hunger Games of economic development, inciting breathless excitement in far-flung communities and near daily handicapping by the news media. But how many communities have a realistic shot at being the victor, and what are they likely to win when they are?

These are questions largely ignored in the frenzied coverage this announcement has produced. And there are none more critical, as this process, the ultimate cost of winning the penultimate prize and the precedent this will set will offer lessons for business executives, site consultants, community leaders and everyone interested in improving the practice of economic development.

If ensuring an equitable return on investment for all parties involved is truly the object of the game, then it’s worth heeding words of caution from economists studying this deal.

The bottom line, they say, is this: It won’t be easy to quantify the benefits of Amazon HQ2 to any community because complex deals like this tend to evolve over many years. Measuring ROI in economic development isn’t an exact science. And if Amazon is really as interested in helping a community grow in a healthy way as it is in steamrolling the best deal for the company, then it won’t ask for more than the deal is worth.

We wouldn’t bet your discounted Whole Foods organic kale on that happening. If this is real, they’ll chase the dollars. And the winning community may wind up regretting they volunteered as tribute.
Experts like Jim Rounds, president of Rounds Consulting Group in Arizona, doubt the deal will ever materialize as presented.

“I don’t think the scale is legitimate. I am confident there won’t be 50,000 workers making $100K a year. You don’t expand a headquarters that way. My best guess is that maybe half the numbers are real — wages half of what’s been touted and half the capital investment.”

**What Amazon Wants in its Shopping Cart**

This is the easy part. Amazon has been unambiguous in its desire to maximize the incentives in this deal. After laying out the basic location prerequisites — a metro area of at least 1 million people (which many smaller communities gleefully ignore); a stable and business-friendly environment; ability to attract and retain strong technical talent; and a location within 45 minutes of an international airport — the RFP lists Amazon’s “key preferences and decision drivers.” This is a colorful euphemism for “Show me the money!”

Unsurprisingly, two of the top three decision drivers center on incentives. “Incentives offered by the state/province and local communities to offset initial capital outlay and ongoing operational costs will be significant factors in the decision-making process,” the RFP states. Amazon then lists the incentives it wants: “land, site preparation, tax credits/exemptions, relocation grants, workforce grants, utility incentives/grants, permitting, and fee reductions.” In short, they’ll take everything, and probably ask for an option on your first born.

Amazon — which has built more than 140 million sq. ft. of warehouse and data center space around the country -- is accustomed to getting what it wants from state and local governments. An analysis by Good Jobs First, a pro-labor think tank in Washington, D.C., reports that Amazon collected more than $750 million in government subsidies for its projects over the past decade. Oregon alone has committed more than $213 in incentives for Amazon during that time, the most of any state, according to The Business Journals, which estimates that the total value of government subsidies for Amazon now tops $1.24 billion nationwide.

Greg LeRoy, executive director of Good Jobs First, says Amazon has amassed an expert team of site selectors and incentives negotiators and they’re sharpening their swords for the battle ahead.

“I suspect that Amazon already knows where it is going or has a very short list,” LeRoy says. “They have been hiring more lawyers and CPA-level people for that department. They have a very sophisticated internal path.”

That means that much of this is for show, an act they will play out to extract maximum payout from their intended target(s).

LeRoy also points out that “a deal this size will automatically qualify for massive corporate income tax credits which will obliterate the company’s income taxes for many years. They will also get
exempted from paying sales taxes on building materials and equipment. More than likely, local government will abate property taxes for a long time. What else is there?”

Is this a good thing for the local economy? Measuring whether all these abatements and credits are a good deal is a complicated matter, say the experts who study ROI on such deals.

Dr. Peter Evangelakis, economist at Regional Economic Models Inc. (REMI) in Amherst, Massachusetts, says a change in a few thousand jobs can adjust ROI by hundreds of millions of dollars for state and local governments.

“If Amazon builds employment slowly or does not hit its 50,000-employee target, revenue gains can shrink significantly for state and local governments,” he says. “Governments need to consider these scenarios when deciding what incentives are worth offering.”

One thing those governments can count on: Amazon will have calculated all possible scenarios. It isn’t just hiring lawyers and CPAs, after all. It’s also hiring elite economists of its own.

“Amazon has been hiring economics Ph.D.s and professors quite heavily in the last five years,” says Duke University economist Allan Collard-Wexler, a co-author of a new report on the effects of cartels who works in the field of industrial organization. “The chief economist at Amazon used to teach the same classes I teach at Duke right now. Academia is open — you see papers. Amazon is closed — you just get hints of what they’re doing. So a lot of research in our field has essentially gone dark, because it’s happening inside Amazon.”

**Boon or Bust?**

Evangelakis notes that if 50,000 good-paying jobs are truly added over 10 years, it could add up to $12.9 billion to state revenues over 15 years. But if Amazon — which employs 382,000 people worldwide -- adds only 2,500 new employees over five years, he says, the increase over that same period would be just $869 million.

“No one should be under the illusion that Amazon does not already know the top five places where this will be successful.”
—Mike Bennett, Founding Partner, Avenue Advisory Group, Chicago

“That’s why it’s important that government works with Amazon to ensure mutual benefit,” Evangelakis says. “My advice to government leaders is to negotiate with Amazon and get them to buy into state and local economies so that it’s a win-win package. These economic and fiscal impacts are crucial to inform policy decisions.”

The fiscal impacts of Amazon could well be enormous. Among other benefits to a community, Amazon can raise the property tax base for local government, increase collections of personal income taxes, increase sales tax revenues, and increase corporate income tax collections, says Evangelakis.
The downside, he says, would include upward pressure on wages, increasing production costs across the economy and downward pressure on regional competitiveness. “Population and wage increases will drive up housing prices and your community will become a more expensive area to live in,” the economist adds.

It’s a risk. These trade-offs must be considered carefully before state and local governments empty the coffers to lure Amazon, as Jim Rounds cautions. “If this deal is dominated by the economic incentives, then everything falls apart for the community. My advice — if they don’t meet the economic fundamentals, the only way to win the project is through incentives, and that’s not good for you.”

Not everyone is so hesitant. John Boyd, principal of The Boyd Company Inc., a prominent headquarters site consulting firm in Princeton, New Jersey, says that despite the hefty asking price, states and communities should do their due diligence and put forth their strongest bid. “The Amazon search is playing out very publicly and contrary to most site selection projects,” Boyd says. “Very few companies have the swagger and wherewithal to pull this very public site search strategy off. It is something we would generally not recommend to our clients.”

On incentives, Boyd says, “My message to the public weary on incentives today is to encourage your lawmakers to do the heavy lifting first — pension reform, consolidating municipal services, cutting taxes and making government less expensive. Then we can have a discussion on the propriety of incentives. Until then, incentives are a necessary evil, especially for high-cost states like New Jersey, Connecticut, Massachusetts, New York, Illinois and California.”

REMI conducted its own analysis and concluded that these 10 cities make the most sense as the right destination for Amazon HQ2: Atlanta, Austin, Baltimore, Boston, Chicago, Denver, Detroit, Minneapolis-St. Paul, Pittsburgh and Tulsa. Site Selection magazine suspects New York and Washington, D.C., would also be in the mix, as would Toronto — after all, the company was careful to state in its announcement that it would be a second HQ in North America, not necessarily in the United States.

“I think Amazon made a mistake, frankly. Here is a big, very successful company looking to extract incentives from hard-pressed communities. When there are 50-plus losers and one winner who has to cough up big bucks, this won’t look good for Amazon.” — Richard Florida, Economic Development Adviser and Author of The New Urban Crisis

Mike Bennett, founding partner and site consultant at Avenue Advisory Group in Chicago, conducted his own analysis.

“Amazon is in the business of disruption. The normal rules don’t apply to them,” Bennett says. “Amazon is very smart and innovative. No one should be under the illusion that Amazon does not already know the top five places where this will be successful. There are only a handful of communities that can meet this need.”
Flying in the face of the majority opinion, Bennett believes that incentives won’t, in fact, be the deciding factor. “I don’t think that a company like Amazon will make a 30-year decision based on incentives,” he says. “Amazon is a cutthroat business that wants to maximize shareholder value, but they also know that short-term benefits will not outweigh long-term investments that they will need to be successful.”

**Disruptor? ‘Don’t Give Them a Penny’**

Richard Florida, an economic development adviser who wrote The Rise of the Creative Class and The New Urban Crisis, isn’t so sanguine about the economic risk in offering a massive incentive package. Florida urges government leaders to “use this as an opportunity to bring your community closer together, to highlight your strengths and understand and begin to deal with your weaknesses.” He also advises locations to respond directly to the RFP and “not to your own internal political issues.”

On incentives, Florida is blunt about the $136-billion company that currently has about $26 billion in cash on hand: “Do not give them a penny in incentives.

Florida says he hopes that Amazon’s highly publicized site search exposes much-needed improvements in the practices of corporate site selection and economic development.

“I think Amazon made a mistake, frankly,” he says. “They should have done this quietly. It’s already causing a backlash. Tech companies’ brands are taking a hit. Here’s a big, very successful company looking to extract incentives from hard-pressed communities. When there are 50-plus losers and one winner who has to cough up big bucks, this won’t look good for Amazon.”

Jeff Finkle, president of the International Economic Development Council, says that Amazon’s highly public site search isn’t without benefit. “I think the process that Amazon is asking communities to engage in is going to be eye-opening,” he says. “We’ll see more transparency in this than we will see in almost any site selection process anywhere. There is some good education in this for the public and the media.”

Still, Finkle harbors concerns. “I worry that communities will throw too many incentives at them and that Amazon will take too much,” he notes. “Will the winning community have buyer’s remorse? Amazon is asking questions about clawback provisions. They may be trying to downgrade communities that are trying to protect their public tax dollars.”

Finkle cites the example of Under Armour in Baltimore as a model of headquarters development, a model he hopes Amazon will follow.

“I think Amazon could make a huge statement if they pick a large urban area that meets their criteria and they don’t take too much in incentives,” says Finkle. “If they help rebuild that community, that would be a real benefit. Under Armour is taking that approach in Baltimore. Wouldn’t it be cool if Amazon adopted the same strategy?”
'No Comparison for a Project Like This'

Multiple interview requests to Amazon for this piece were turned down, but the company has been very specific about how this search will be conducted.

“We expect HQ2 to be a full equal to our Seattle headquarters,” said Jeff Bezos, founder and CEO of Amazon and one of the five richest people on earth with a net worth of $83.5 billion. “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.”

*Jeff Bezos, founder and CEO of Amazon and one of the five richest people on earth with a net worth of $83.5 billion.*

But why? What’s the endgame? Can Amazon actually deliver on its HQ2 plans? “Yes,” says Bennett. “Amazon could add 50,000 jobs over 20 years, but keep in mind that Amazon is not just one company. It now has dozens and dozens of arms, including a grocery store chain in Whole Foods.

“What they’re doing with this HQ2 site search is like a stress test for states and communities,” he adds. “They want to look at labor markets and determine their breaking point, and then see how
that aligns with their own growth plans. There is no comparison for a project like this, because we have never seen it done before.”

Noted site consultant Steve Weitzner of Silverlode Consulting in Cleveland agrees.

“A community’s biggest mistake could be just pitching a greenfield location. Companies don’t make decisions. Human beings at companies make decisions, and they remember cool flashy ideas. You must connect at a human level. Check all the boxes, but also be a place that cannot be ignored. Present your place in a way that Jeff Bezos will think is pretty cool.”

Disruptor, indeed. Sometimes disruption is good, forcing markets to adapt, evolve, grow stronger. Sometimes disruption is just ... disruptive. Whether this deal is real, whether it will ever be the windfall communities are clamoring after, remains to be seen. But the notes of caution cited by the experts interviewed for this piece should be part of the equation.

Remember, Tributes: No one really wins the Hunger Games. You just hope not to lose.
Triangle viewed as long shot for Amazon HQ2 by firm; Triad not on radar screen

By Richard Craver Winston-Salem Journal - Nov 7, 2017

People grab bananas from a free banana stand provided by Amazon in Seattle. Memo to the many places vying for Amazon’s second headquarters: It ain’t all food trucks and free bananas. A New York real estate firm has rated the Triangle as a long-shot possibility. The Triad is probably not even on the radar.
A New York real-estate firm ranks the Triangle as a long shot for landing Amazon’s second North American headquarters, with the remaining three North Carolina sites, among them the Triad, not even on the radar screen.

The white paper analysis by Reis was released Friday. It has the Triangle ranked 23rd in its top-25 listing.

An early ranking by The New York Times listed Denver as the early favorite and the Triangle among the final nine candidates. A Bloomberg News’ analysis lists the favorites as Atlanta, Boston, Dallas, Denver, Toronto and Washington.

The Seattle online giant is expected to make a decision in 2018. Most analysts and economists do not expect Amazon to choose a West Coast site for the coveted $5 billion and 50,000-employee North American project. That scenario eliminates three potential prime contenders.

Amazon has said the average wage of the 50,000 employees at the second headquarters would approach $100,000 a year. Amazon has indicated HQ2 initially would require 500,000 square feet of office space, but that is expected to expand to 8 million square feet divided among three buildings.

The Reis rankings put New York City first, followed by San Francisco, Washington, D.C., Seattle, San Jose, Calif., and suburban Virginia. All are technology hubs.

Site-selection experts and economists project the odds of the Triad winning HQ2 as very slim. The Triad has plenty of company — as in 237 competitors — in its quest, including Charlotte and Hickory in North Carolina.

**Following the facts**

As Reis acknowledged other Amazon HQ2 site studies, it said its report differs in that the rankings “was purely data driven” on eight categories “and covers nearly every ‘decision driver’ mentioned in Amazon’s request for proposal.”

That’s based primarily on the criteria which, among other things, call for a metropolitan area of at least 1 million residents, a stable business climate for growth, an international airport within 45 minutes of its campus and a highly educated local workforce.

Reis measured eight main categories: public transportation access; cost of doing business; cost of living; concentration of professional employment; concentration of technology employment; quality of life (cultural amenities); access to higher education; and business taxes.

“It objectively sums a set of values that measures every indicator by metro as a percentage better or worse than the U.S. average for that indicator,” Reis said. “Most of these metros have a high percentage of its labor pool that takes public transportation to work, good cultural amenities and
access to higher learning. Those that rank low have limited public transportation and relatively high cost of doing business.”

Reis did not factor in incentives that analysts and economists say are likely to range in the tens of billions of dollars.

“The tax measure, however, may be mitigated if cities are willing to provide ample incentives to lure Amazon,” Reis analysts said.

Reis cautioned that the location decision could come down to criteria that isn’t data or technology driven, such as Amazon founder Jeff Bezos owning The Washington Post, or non-core business amenities such as being near the mountains or ocean.

John H. Boyd, a site-selection expert based in Princeton, N.J., said Monday his industry describes site selection “as both a science and an art.”

“The science is measuring the quantitative factors, such as business costs and taxes, and the qualitative is measuring skill sets and lifestyle. This Reis study does a good job of measuring both.”

Boyd has said since the Amazon project surfaced that the Triangle is probably the strongest N.C. contender for Amazon’s HQ2.

“I do think the greater New York City metro area and Washington, D.C. are leading contenders. This project will not be driven primarily by costs — so the strong labor markets, transportation factors and those markets being global magnets for talent distinguish them as front-runners.”
Corporate relocation expert John Boyd Jr. discusses the "war between the states" for new jobs and business investment, and who might make the short list for Amazon's HQ2.
Amazon HQ: What will Phil Murphy mean for NJ's economy?
Michael L. Diamond - November 10, 2017

New Jersey's bid to attract Amazon's new headquarters — and any other company, for that matter — faces its first question mark: the election of Phil Murphy.

Democratic gubernatorial candidate Phil Murphy is proposing a progressive agenda that will increase taxes.
The Democrat elected governor on Tuesday made jump-starting the state's economy a priority during the campaign. But his proposals, from free community college to rebuilding NJ Transit, are running into pressure from business groups to make the state more affordable.

"I'm hopeful (the Murphy team) understands that we need to get more competitive real fast," said James Barrood, president and chief executive officer of the New Jersey Technology Council, a trade group.

Murphy's election could signal a new direction for the New Jersey economy. While the Christie administration tried to ease the tax burden on the wealthy and employers alike, Murphy said he wanted to focus on the well-being of retirees and the middle class.

It is part of a long-standing tug-of-war between conservatives and progressives, but now it is playing out with the state's economic competitiveness in the spotlight.

Lurking is Amazon, the giant internet retailer that is sifting through applications from cities and states vying to host its new headquarters and up to 50,000 workers. A decision is expected in 2018.

The New Jersey Technology Council targeted Amazon workers last week with a pitch for the company's new headquarters.
Murphy is taking over a state whose economy has more than recovered since the Great Recession and has scored wins under Christie. Its generous tax incentives have landed or retained companies like Panasonic in Newark, Subaru in Camden, and iCIMS and WorkWave in revitalized Bell Works in Holmdel.

But New Jersey's economy still lags the rest of the nation. Its economy grew 1.2 percent last year, ranking 26th. Its unemployment rate of 4.7 percent in September ranked 36th. Its job growth from October 2016 to September 2017 was 0.7 percent, ranking 39th, according to government statistics.

And New Jersey isn't faring well in Washington. Congress has introduced tax bills that would take away state and local tax deductions — a move experts say hurts households in high-tax states like New Jersey most.

The sluggish growth has prompted a group called Opportunity New Jersey, led by the New Jersey Chamber of Commerce and the New Jersey Business and Industry Association, to call on policymakers to make New Jersey more affordable and competitive.

"We are at a pivotal point in New Jersey's history," said Michele Siekerka, president and chief executive officer of the New Jersey Business and Industry Association. "We have tipped the scale on affordability. If we do not start now to address that, we don’t have a sustainable business model."

Amtrak workers make repairs on railroad tracks in a tunnel at New York's Penn Station.
What can New Jersey workers and businesses expect from a Murphy administration?

*Five things:*

1. Nothing.

For all of the campaign promises, Murphy is walking into a job with the same problems of his predecessors: New Jersey has lots of projects on its plate, from road repairs to funding its pension system, and not enough revenue.

New Jersey property taxes are high, but they hit some taxpayers harder. Property taxes can cost as much as 18 percent of a taxpayer's income.

New Jerseyans are already tapped out. The average New Jersey homeowner pays $8,500 in property taxes, the nation's highest. The top income tax rate of 8.97 percent on income of more than $500,000, also is among the most nationwide.

The perennial budget shortfall is "just going to limit what he wants to do," said Peter Reinhart, director of the Kislak Real Estate Institute at Monmouth University in West Long Branch.

2. Millionaires tax

Senate President Steve Sweeney, D-Gloucester, tweeted after his victory last Tuesday: "The first bill we will pass in January with our new governor will be a long-overdue millionaire's tax to fairly and fully fund our schools."
Senate President Stephen Sweeney, D-Gloucester, said the Senate will pass a millionaires tax to generate some of the tax revenue needed to fund the pension contribution.

It isn't clear what the new tax rate would be, but Sweeney previously introduced a bill that would tax residents 10.75 percent on income of more than $1 million.

The left-leaning New Jersey Policy Perspective, a research group, said the plan could help strengthen public investments.

But business groups said it would only exacerbate the number of New Jerseyans leaving for less expensive states.

"The idea that New Jersey isn't taxed enough is concerning to our clients," said John Boyd, principal of The Boyd Co., a West Windsor-based consulting firm that specializes in corporate site selection.
3. Public bank

Murphy has proposed creating a so-called public bank to bring financial relief to consumers and municipalities alike.

Do your student loans have you feeling squeezed?

It would help students re-finance loans at lower interest rates; finance small-scale infrastructure projects; provide small businesses and residents in low-income communities more access to capital.

The idea is modeled after the Bank of North Dakota that partners with private financial institutions to boost economic development. It has no branches, but it has bankers in three offices in the state.

One question: Where would the New Jersey state bank get money to make loans?
If the state banks takes deposits from private banks, “it’s going to be a real serious issue for those banks and hamper their ability to make loans, which is what the governor is trying to encourage,” said John McWeeney, president and chief executive officer of New Jersey Bankers, a trade group.

4. Minimum wage hike

Murphy said he supported increasing New Jersey's minimum wage from its current level of $8.44 an hour to $15 an hour in a bid to provide workers at least a living wage.

Protesters held a rally in the parking lot at Walmart in North Bergen. About 250 protesters were protesting for a higher minimum wage and workers rights.

File photo

Workers might be in line for other perks. He has supported a law that would provide paid sick leave, too.

Business groups say they would fight the measures, noting they would make it more difficult to attract and retain jobs.

But consumer groups said they would give low- and middle-income New Jerseyans more financial security.

"Those work and family issues we think are going to be major parts of his administration," Phyllis Salowe-Kaye, executive director of New Jersey Citizen Action, a consumer group, said.

5. Enough about Amazon, already

What if Amazon goes elsewhere?

Murphy said he wants to reclaim the innovation economy by continuing to invest in higher education, creating apprenticeship programs and improving vocational training.

And he wants to expand incubators where entrepreneurs come together, work and exchange ideas.

The strategy takes aim at at least one reason New Jersey's economy is lagging. The state has fewer smaller,
faster-growing companies than the nation, a report by McKinsey & Co., a consulting group, found earlier this year.

"How do you teach people the skills you need when you don’t know what the market is going to look like in five years," said Walter Greason, dean of the Honors School at Monmouth University. "Give people more tools to help them adapt on their own terms.”
State officials’ decision to put together extensive dossiers on top Amazon executives was a shrewd move to land the $5 billion project — and an unusual step for government, a corporate relocation expert said.

“This is the Cadillac of all negotiations, all incentives, the most significant project in the history of economic development,” said John Boyd, principal at corporate relocation firm Boyd Company.
Boyd said collecting as much information as possible, even if it seems irrelevant, could help down the line when it comes time to impress Amazon.

“They want to be in markets where they feel that government leaders are partnering with them,” Boyd said. “Amazon is a company that really views incentives as a link between its growth and these communities.”

The Herald reported yesterday that Baker administration economic development officials compiled in-depth information about Jeff Bezos and a number of top executives as it prepared its bid earlier this year, according to documents obtained through a public records request. For Bezos, the bio included professional investments and history, but also included information about where he grew up, where his maternal ancestors are from and even where he met his wife.

Information for other executives included the same kind of background. A spokeswoman for the Executive Office of Housing and Economic Development said the bios were compiled to help inform the proposal, but declined to elaborate. Throughout the bios, connections to Massachusetts are emphasized. At the end, the document lists five key Amazon executives or board directors who are alumni of Harvard and another three from MIT. Another exec, Jeff Blackburn, senior vice president of business development, grew up in Concord.

Boyd said compiling such detailed biographies is unusual, but not surprising for a project of Amazon’s size.

“I think it’s somewhat out of the ordinary, but so is this project,” Boyd said. “It’s a generational project.”

Still, all the personal touches in the world will only get Massachusetts so far. The state’s bid offered dozens of sites, but did not emphasize any, instead just trying to sell Massachusetts in general. More than 20 cities, towns and regions in Massachusetts submitted separate bids, pushing specific sites.

In September, Amazon said it would accept proposals from cities and states for a new headquarters. The new building could be home to as many as 50,000 employees and cost $5 billion to build, the company has said. Amazon has said it will release more information about its choice in 2018.

Amazon declined to comment on the dossiers put together by the state.
Viewpoint: Amazon HQ2 national site search, a look from 30,000 feet

By John Boyd Jr. - Principal of The Boyd Co. Inc., Princeton, N.J. - January 8, 2018

Seattle-based Amazon plans to spend $5 billion on its second headquarters - the so called HQ2 project - which the online retailer projects will ultimately employ 50,000 people in well-paying, high-tech jobs. Amazon says in its September 2017 RFP that it is seeking a metropolitan area with more than one million people, a "stable and business-friendly environment," a market that can attract and retain strong technical talent and a community that thinks "big and creatively." Its RFP further states that it favors convenient access to mass transit and an international airport, a highly educated labor pool, a strong university system along with a diverse population.

Over the past five decades, our firm has witnessed a number of trend-setting corporate headquarters relocations that served to tell a larger story than just the companies and cities involved. They provided a window into the economy and emerging site selection trends that would impact other corporate moves. We view the Amazon HQ2 search as a generational one, eclipsing all other high profile corporate headquarters relocations over the past five decades (see Figure 1 below) and establishing a whole new set of relocation standards and practices. Among these are:

*Growing politicalization of the corporate site selection process* – Politics have always been part of the relocation process but never to the extent that we are experiencing today. Amazon, with its long laundry list of lobbying priorities – ranging from
immigration reform, state pharmacy regulations, aerospace issues, food safety laws, media concerns, trucking regulations, etc., wants as many friends on Capitol Hill as possible. This could potentially give an edge to states with large congressional delegations such as Texas, New York and Florida. Another issue on the political front is the power of diplomacy. Every politician today runs on a platform of job creation. They just go about it in different ways. In the old days, we would interface with county commissioners, mayors and sometimes a governor during our site searches. Now, virtually all of our projects involve not only governors directly but also members of Congress that are increasingly playing an advocacy role in business attraction. We don’t need to remind Georgia about the power of diplomacy. We recall the influence of former Georgia Senator Sam Nunn - at the time chairman of the Senate Armed Services Committee – supporting Boyd client Pratt & Whitney’s expansion of manufacturing operations in Columbus, Ga.

**Housing – A Growing and Pivotal Factor** – Redfin CEO Glenn Kelman recently predicted a vast migration of corporate investment and talent out of Silicon Valley and further prognosticated that Amazon will avoid pricey housing markets on both the East and West Coasts for its HQ2. He favored central U.S. cities like San Antonio, Denver and Houston. Kelman said tech companies like Amazon are chasing talent and the talent is chasing affordable housing. Some millennial-friendly urban enclaves – deemed affordable only a year or two ago - are now experiencing rapidly rising housing prices. In Philadelphia - considered a strong HQ2 candidate in the Northeast - the gentrification of its popular Fishtown neighborhood while bringing in new retail and restaurant development is also driving home and apartment rental prices skyward pushing out many of the young professionals that Amazon would likely recruit. Amazon and its head office employees in Seattle – perhaps the hottest downtown market in the U.S. outside of the Silicon Valley – have suffered a similar housing cost whammy and would not want to re-live those recruiting and housing challenges at its second head office site.

**“Dossier” building** – Given the high profile and overriding influence of Amazon CEO Jeff Bezos in the search, competing locations for HQ2 are deep-diving into his background and personal likes and dislikes. The governor of Massachusetts, Charlie Baker, and his economic development team have compiled in-depth personal information about Jeff Bezos and a number of top Amazon executives as part of its HQ2 bid. For Bezos, the bio included professional investments and history, information about where he grew up, where his maternal ancestors are from and even where he met his wife. Personal information on other top Amazon executives were also part of the dossier. Also, Boyd’s home state of New Jersey is not shy about touting the fact that both Bezos and his wife are Princeton grads. South Florida is pointing to the fact that Bezos went to high school at Miami’s Palmetto High School. Austin and Dallas are reminding all that will listen that Bezos spent 10 hot summers on his grandfather’s cattle ranch in Cotulla, Texas, and his cousin is country singer George Strait. Bezos was born in Albuquerque but his family moved to Houston when he was a toddler. His father was a petroleum engineer for Exxon.

**Very public face of the HQ2 site search** -- Unlike most site-selection projects, Amazon’s HQ2 search is playing out very, 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 public, in-your-face strategy. It is something we generally do not
recommend to our clients because it risk an exodus of key 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 at $100 billion and counting - when it cannot afford to sufficiently fund pensions, health care and education?”

*Incentives explosion* - While incentives have become very politically contentious in recent years, they have evolved as a necessary evil in what we term the “Second War Between the States” for new industry and jobs. Amazon, the fifth-largest company in the U.S., has an impressive record in marshalling incentives over the years – to the tune of over $1.2 billion related to its network of fulfillment centers around the country. HQ2, with its potential of 50,000 workers and eight million square feet of Class-A office space, will provide an almost incalculable economic boost to the winning city. My take is that Amazon – like most of our clients - wants to view the winning city as a partner in its success and in its “brand.” Keep in mind that incentives are not limited to just tax credits and free land and that some like infrastructure improvements and workforce training serve a wider, public good. My message to lawmakers that question the appropriateness of incentives is to first do the heavy lifting by making government less expensive by cutting costs through pension reform and more consolidations of municipalities and services. Until that happens, incentives will remain the rule rather than the exception in corporate site selection, especially in high cost states like New Jersey (which is offering a chart-topping package of $7 billion to Amazon to help underwrite the Garden State’s lofty cost of doing business).

**Front runners in the hunt for HQ2**

Amazon is currently going through over 200 bids from cities throughout the U.S. and Canada. Toronto - with Canada’s open immigration and globalist policies much in tune with the progressive Bezos - is in the mix and Canada’s leading contender. While there will be over 200 bridesmaids and just one bride, there is tremendous value for cities to enter the battle to win HQ2 regardless how their chances are being handicapped. For many cities and their economic development professionals, HQ2 is a once-in-a-lifetime platform to extol the virtues of their communities to a national corporate and media audience, not to mention solidifying local economic development networks and engendering home town esprit de corps.

Beyond the sales and local networking benefits, HQ2 is an opportunity to forge relationships with key Amazon executives during corporate prospecting interactions and site visits. These relationships may pay dividends down the road – either with an investment by Amazon or one of its many vendors. Keep in mind that goliath Amazon is staking its claim in multiple sectors like healthcare, fashion, food & beverages, aerospace, publishing, I.T., not to mention booming e-commerce. This all translates into a deep and diverse pool of potential suppliers for communities to forge new relationships with.

Viewing Amazon’s HQ2 North American site search from 30,000 feet, we see leading candidates to certainly include Atlanta along with several others. Here are some Boyd observations on Atlanta and other strong candidates that we see for HQ2:
Atlanta

Harken back a minute to the famous line in the 1967 coming-of-age movie "The Graduate" when Dustin Hoffman leaned in to hear career advice centered on one word: "Plastics." Well, today the one HQ2 word here in Atlanta would center on "Logistics." While Amazon is expanding into a number of industries, logistics is its bread and butter, its raison d’etre.

Since its founding in 1837 as a strategic railroad junction, Atlanta has emerged as one of the nation’s premier logistics hubs, something that certainly resonates with Amazon who is re-writing the rules of the road when it comes to logistics, distribution, warehousing, shipping and the driving force of e-commerce. Over the years, Atlanta has grown into a major global center for supply chain management due to its large cluster of corporate headquarters that demand efficient logistics services, its strategic Southeast U.S. location and its robust ground, rail and air infrastructure.

In 1991, global logistics leader UPS in a high profile move, relocated its corporate headquarters from Greenwich, Conn., to Atlanta bringing into the modern era Atlanta’s reputation as a major international center for transportation and logistics.

Atlanta’s long history as a distribution hub has spawned a globally leading technology ecosystem that develops modern software solutions for the movement and production of goods throughout the world. Industry-leading supply chain software provider Manhattan Associates, e.g., is headquartered in Atlanta and 12 of the global top 20 maintain an Atlanta presence, the highest concentration in North America. Also, 16 of the 25 Fortune 500 and Fortune 1000 companies based in Atlanta manage or support their global supply chains here, including well-known brands like Coca-Cola, The Home Depot, Delta Air Lines, as well as UPS.

Overall, Atlanta is a booming global logistics center, home to more than 12,300 logistics providers that employ over 150,000 people. Amazon already employs 300 tech workers in Atlanta and is expanding rapidly in the market — one of at least a dozen regional tech hubs the company has around the country.

Academic institutions like Georgia Tech, Kennesaw State University and the Georgia Center of Innovation for Logistics consistently turn out leading research, graduates and ideas that influence the entire supply chain industry. Atlanta startups include leading edge firms like Roadie and Kanga that are re-defining the current supply chain landscape.

If you look for a common denominator among cities successfully attracting trophy corporate headquarters projects, it is often the presence of a major international gateway airport. Look at Dallas and its recent attraction of the Toyota headquarters, Chicago and its attraction of the ConAgra head office, Newark and its attraction of the Panasonic headquarters and Atlanta and its attraction of the Mercedes head office.
Hartsfield-Jackson Atlanta International Airport is the busiest airport in the world and a major economic driver and industry-attraction tool for Atlanta’s economic development practitioners. Amazon’s growing international business would be well-supported by Hartsfield-Jackson, a major global gateway, offering nonstop service to more than 150 domestic and nearly 70 international destinations. Looking ahead with its capital improvement plan – ATLNext - a 20-year blueprint for growth, the Hartsfield-Jackson is set to modernize its domestic terminal, expand its cargo operations and concourses, replace two of its parking facilities, and pave the way for a hotel and mixed-use development that will further solidify Hartsfield-Jackson leading driver of economic and logistics sector growth in Atlanta.

The UPS footprint in Atlanta has grown significantly since its 1991 head office move from Greenwich, including its latest investment in excess of $400 million to build a new regional package sorting hub on the west side of Atlanta. The new hub will be the third largest processing facility in the company’s entire U.S. network. Amazon and UPS have much in common, including parts of their growth strategy in areas like robotics as they both strive to best balance costs and revenue as the e-commerce boom evolves.

Boston

Boston is home to 35 colleges and over 150,000 students and houses one of the nation’s largest millennial populations. Its recent attraction of the General Electric corporate headquarters from Fairfield, Connecticut, underscores the draw of Boston’s concentration of young professional talent and intellectual capital. Boston’s Amazon HQ2 bid benefits from close collaboration between Governor Charlie Baker and Mayor Marty Walsh. Its Suffolk Downs real estate site appears to be the front runner showing great promise. Expanding Logan International Airport is another plus along with the city’s highly regarded mass transit system.

Chicago

Chicago Mayor Rahm Emmanuel is never shy about touting the virtues of the Windy City and offering rich incentives to back up his rhetoric. Emmanuel and Chicago have done an impressive job in recent years in attracting corporate headquarters like ADM, ConAgra, Motorola, Kraft-Heinz, GE Healthcare, Gogo Inflight, to name a few. Chicago’s university system, public transit and two major airports also bode well for the Second City. Rahm Emmanuel could potentially be a difference-maker here as well – he is skilled in the arts of diplomacy and persuasion and he shares much in common with the progressive and politically-minded Jeff Bezos. Chicago’s geographic centrality is a fundamental strength, enabling traveling Amazon executives to reach either coast in three hours from O’Hare’s major gateway. Chicago’s attracting Amazon from Seattle would double down on its huge head office win 17 years ago when it successfully wooed Boeing’s corporate headquarters from Seattle.
Dallas

No personal income tax – always a powerful corporate headquarters attraction tool – distinguishes Dallas and its HQ2 bid. The Dallas Metroplex Region is already home to 21 Fortune 500 companies and a deep pool of head office support service providers. The Dallas/Fort Worth area supports two major airports: the American Airlines international hub at Dallas/Fort Worth Airport (DFW) and the Southwest Airlines hub at Dallas Love Field Airport (DAL). Jeff Bezos’ Blue Origin Rocket business is also well-established in the state. A Texas-size incentive package will also be available to Amazon, should it chose Dallas, which I consider the state’s strongest contender.

Denver

Denver houses one of the fastest-growing tech clusters in the U.S. today and is home to major offices of tech giants like IBM, Oracle and Google. Denver is also a draw for college graduates and millennials rich in I.T. skill sets. Millennials are well-represented, with 24 percent of the region’s population – some 891,000 people - aged 18-34. The cost of living in Denver is also relatively low – roughly 38 percent below San Francisco and 23 percent lower than Seattle - while at the same time offering many of the amenities of a world-class city, including professional sports, downtown living and nightlife. Recent high tech Denver start-ups of note include Galvanize, Stack Overflow, and Craftsy.

Proximity to Colorado’s natural landscape and outdoor recreation could be another draw. However, when it comes qualitative lifestyle amenities in corporate relocation, I have come to the conclusion that some people like vanilla and some like chocolate, tending to make these softer qualitative factors pretty much a draw. Indeed, today, quantitative cost of doing business factors carry the day in most corporate site selection decisions.

Newark

As many people know, the Garden State is no stranger to Amazon. The goliath has seven major fulfillment centers in New Jersey and is one of the largest and most influential employers in the state. Amazon’s most successful subsidiary, Audible.com, is also headquartered in Newark. Major plusses for New Jersey include the state’s skilled labor market, its colleges and universities and its highly developed public transportation infrastructure (including prospects for a third Hudson River tunnel into Manhattan given the Administration’s 2018 focus on infrastructure). Newark Liberty International Airport is another plus with its impressive roster of non-stop flights to major global cities. New Jersey also offers a rich and diverse housing stock – from downtown living in Hoboken, Jersey City, Newark, up-and-coming Patterson and Bayonne – to lower cost suburban alternatives in Central NJ like Robbinsville’s nationally recognized mixed-use Town Center near where Amazon operates one of its largest and most advanced fulfillment centers.
New York

Home to roughly nine million people, New York is too large and influential for Amazon to ignore. Long a center of excellence in sectors like finance, media and fashion, New York City’s emergence in technology will resonate with Amazon. It is not only the intellectual capital that is a strong suit for New York – but its vast and diverse real estate stock ripe for redevelopment in Brooklyn, Queens and the Bronx. I expect Amazon to consider public transit-rich Sunnyside, Queens, with its proximity to diverse housing options on Long Island and ready access to LaGuardia and JFK airports. Repurposing possibilities in Brooklyn stretching from Williamsburg to Sunset Park and the Brooklyn Army Terminal should also be in play. In Queens, look for Willets Point redevelopment area to be considered. All of these options can meet Amazon’s ambitious real estate requirements, which are estimated to be as high as eight million square feet.

Philadelphia

Philadelphia is one of the fastest-growing big city markets in the Northeast and distinguished by excellent public transit connectivity to both Washington, DC, and to New York City. A number of millennial-friendly downtown housing options exist here as well in the northern suburbs. Mayor Jim Kenney deserves credit for being one of the first major city mayors in the Northeast to make a very public pitch courting Amazon. Philadelphia also houses several sites that appear to be attractive for Amazon HQ2 like University City and the old Philadelphia Naval Yard. Drexel University President John Fry, who also serves as the Chairman of the Board of the Philadelphia Chamber of Commerce, is a strong behind-the-scenes advocate for Philadelphia’s growing tech sector. Another common denominator among successful cities today is to have a proactive university president – like a Michael Crow at Arizona State University in Phoenix, a John Kelly at Florida Atlantic University in Palm Beach, Florida or a John Fry at Drexel.

Pittsburgh

Pittsburgh has some very impressive connections to Amazon. Jeff Wilke is CEO of Amazon's worldwide consumer business and grew up near Pittsburgh. Pittsburgh's other ace up its sleeve is Brian Olsavsky, the company's chief financial officer. Olsavsky grew up in Hershey and went to Penn State but chose Carnegie Mellon University's Tepper School of Business for grad school. GeekWire noted that Olsavsky fostered recruiting efforts between Amazon and Carnegie Mellon and now has more than 150 CMU alumni working at Amazon. The State of Pennsylvania is also no stranger to Amazon - providing Amazon with $22.3 million worth of incentives last year alone.

Pittsburgh has a better chance than most second-tier cities because of its impressive tech and engineering talent base churned out by universities like Carnegie Mellon, the University of Pittsburgh and city’s old line industrial base now turning high tech and digital.

Pittsburgh has truly transformed from a steel town to a hub for education, medicine and technology with firms like Uber and Argo AI developing self-driving vehicles there. Pittsburgh Mayor Bill Peduto has been very vocal about his desire for HQ2 and would likely pull out all the
stops to land HQ2. Downsides of Pittsburgh include its size (just over 2 million), modest growth and marginal air service.

**Raleigh**

The HB2 clouds have lifted and North Carolina is again in the industry attracting business. The state has a recent string of economic development successes, including Egger Wood, Corning, Revlon, Deutsche Bank, MetLife, PayPal and is regarded as a frontrunner along with Huntsville, Alabama, for the coveted, high tech Toyota-Mazda auto assembly plant. The Raleigh/Research Triangle area houses a highly technical workforce strong in sectors like pharma, I.T. and financial services. Citrix and Red Hat also call Raleigh home and they are investing heavily in a $1.1 billion transformation of the city’s downtown business district. Raleigh has over 500 startups and 14 accelerators, many in its trendy downtown. Raleigh also has direct flights to Seattle and several European cities, the latter fueled by demand from the area’s large pharma sector based at the famed Research Triangle Park. North Carolina’s recalibrated incentive program and a series of wins for newly elected, pro-business Democrat governor Roy Cooper also provide some momentum here.

**South Florida**

South Florida is another strong and interesting candidate for Amazon HQ2. Beyond the state's premier business climate and lack of a personal income tax, the new Bright Line transit system connecting Miami to Fort Lauderdale to Palm Beach and on to Orlando is a new labor-market dynamic. 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. Palm Beach also houses important high tech research campuses of Scripps Institute and the Max Planck Institute.

Amazon getting into bitcoin introduces another under the radar screen dynamic for South Florida. Miami is the home of the Miami International Bitcoin which is working to establish Miami as the epicenter of cryptocurrency and small-scale international finance. Miami has long been known as the gateway to the Latin American market – a market to the south that houses a half a billion people who do not have access to credit and a fully-functional banking system. This is all consistent with Amazon’s plans to aggressively enter the Central and South American markets.

**Toronto**

Toronto’s well-established technology base is Canada’s largest by far and growing rapidly, up over 30 percent during the last five years. High tech U.S. employers like Amazon, Microsoft, Google and others have been very vocal about their recruiting successes in Canada, often pointing to its more open borders philosophy and H-1B visa constraints here in the States. Having Toronto in the mix gives the politically minded Jeff Bezos a platform to address immigration, trade and other progressive policies. Canada, led by progressive Prime Minister Justin Trudeau,
has a much more progressive stance on these issues compared to the U.S., including having important international trade accords with Europe and Asia in effect which distinguishes Canada at the present time. Toronto Pearson International Airport is a world-class gateway and would serve Amazon’s North American and global traveling executives well. Its convenient downtown lakefront airport, Billy Bishop, is a Boyd favorite and another plus for Toronto.

On the important dollars and cents front, the favorable exchange rate and lower healthcare costs due to Canada’s nationalized system will translate into a huge economic windfall for Amazon. Healthcare costs for our U.S. clients typically account for up to 40 percent of overall payroll costs. In Canada, where our site selection has been very active over the years, the figure is roughly half that. Canada, outside of Quebec, is generally not known for offering generous industry-attraction incentives. Healthcare cost savings are an especially pivotal cost factor for HQ2 due to the enormous workforce projected by Amazon and could be viewed as a kind of incentive.

**Washington, DC**

Jeff Bezos is no stranger to Washington, D.C. He owns The Washington Post and has recently bought a home in the area. Being in the epicenter of the nation’s lawmaking apparatus would also be appealing to Amazon with its long list of lobbying priorities. Washington, D.C., along with neighboring Fairfax County, VA, and Montgomery County, Md., have a terrific talent base, strong academic communities and a well-developed and expanding public transportation system. Another potential advantage for the Washington, D.C., metro area is proximity to the influential National Institute of Health (NIH) in Bethesda. It is no secret that Bezos plans to expand heavily into the delivery of pharmaceuticals and medical devices in the coming years.

**Figure 1: Boyd Names All-Time, Top Corporate Headquarters Moves**

Here are 19 all-time, trend-setting corporate headquarters relocations identified by The Boyd Co. Amazon HQ2 and the winning city is waiting to be included. Note that Atlanta has made Boyd’s list three times already since 1991. Will HQ2 make it four?

*Johns-Manville from New York City to Denver, 1972* – this move was the Rocky Mountain Region’s first major headquarters catch from the East. It created the urban legend of how top executives penchant for skiing was the real motivation for this cross-country, Colorado Rocky Mountain High move.

*AT&T from New York City to Bedminster, N.J., 1974* – this move to suburban New Jersey ushered in a trend of similar moves from Manhattan to close-in bedroom communities in northern New Jersey and southern Connecticut that continues to this day, albeit at a much slower pace.

*Mutual Benefit Life Insurance from Newark to Kansas City, 1975* – this move by the company nicknamed “The Tiffany of Insurance Companies” due to its upper crust policyholders was one of the Heartland’s first major head office catch from the East. It was a feather in the cap for Kansas
City civic leaders Don Hall of Hallmark Cards, Lamar Hunt, owner of the Kansas City Chiefs, Ewing Kaufmann, owner of the Kansas City Royals and Henry Bloch founder of H&R Block who all spearheaded Kansas City’s famed “Prime Time” marketing campaign to turn around the city’s old cow town image. Our firm here in Princeton had the pleasure of providing research counsel to the “Prime Time” program which has become somewhat of a classic in the field of community promotion.

*Sun Life Insurance from Montreal to Toronto, 1978* – Canada’s largest insurance company and later a Boyd client relocated to Toronto citing political instability surrounding Bill 101 mandating French as Quebec’s official language. The move initiated a seachange of corporate influence from Francophone Montreal to Anglophone Toronto. The relocation was a symbolic and an economic blow for René Lévesque and the separatist Parti Québécois government at the time.

*American Airlines from New York City to Dallas, 1979* – this front-page move ushered in a new era of long-range corporate headquarters moves out of Manhattan. The move came at a time when New York was devastated by fiscal crisis, crime and racial unrest. The American Airlines loss more than any other helped inspire the iconic Madison Avenue promotion program, “I Love New York” -- designed to resurrect the City’s fortunes as a tourist and business destination.

*UPS from Greenwich, Conn., to Atlanta, 1991* – from its founding as the South’s rail and highway center, Atlanta has always been known as the logistics hub of the South. The high-profile and symbolic UPS move made it official.

*Canadian Pacific from Montreal to Calgary, 1996* – this move to Western Canada by one of the country’s oldest and best known companies put booming, energy-rich Calgary, Alberta, in the corporate head office big leagues along with Toronto, Vancouver and Montreal.

*Boeing from Seattle to Chicago, 2001* – this move to downtown Chicago ushered in the modern era of U.S. head office mobility and helped formalize the process of state incentives and promotions geared specifically to headquarters attraction. More than any other relocation, it taught cities to think the unthinkable. No headquarters – even a homegrown icon like Boeing - is immune to relocation.

*Newell Rubbermaid from Freeport, Ill., to Atlanta, 2003* – This small city to big city relocation ended a 10-year absence of Fortune 500 moves to Atlanta. The company, in the stodgy, down-market trash can liner and plastic home goods sector, believed an Atlanta headquarters address would help invigorate sales and up-market its image to consumers and investors.

*Philip Morris from New York City to Richmond, Va., 2003* – This high profile move was announced just days after Mayor Bloomberg’s tough anti-smoking law. Today, politics and corporate relocation are again colliding within our nation’s gun manufacturing industry. Numerous relocations of gun makers to states with gun-friendly laws and cultures are taking place.
*Twitter from San Francisco’s Financial District to San Francisco’s Mid-Market District, 2011* – Emboldened by payroll tax breaks initiated by tech-friendly Mayor Edwin Lee, fast-growing Twitter rejects a move to the Silicon Valley suburbs and announces a new headquarters for San Francisco’s then-seedy Mid-Market District. Numerous other techs like Spotify, Dolby Labs, Yammer followed suit and today San Francisco commercial real estate is on a tear.

*Zappos from Henderson, NV, to downtown Las Vegas, NV, 2012* – The online shoe retailer led by its charismatic CEO Tony Hsieh is single-handedly transforming downtown Las Vegas to a destination site for new tech start-ups from California and beyond.

*Panasonic from Secaucus, N.J., to Newark, N.J., 2012* – this head office decision was the result of New Jersey’s innovative Urban Transit Tax Incentive, an incentive that we see being copied in other urban centers around the country to help attract corporate headquarters and encourage the use of mass transit.

*Aon from Chicago to London, England, 2012* – This move underscores the global scope of head office moves, especially within the highly regulated and tax-sensitive financial services sector. It is seen as a tipping point move handing over bragging rights to London over New York as the world center of the financial services industry.

*Hertz from Park Ridge, N.J., to Estero, Fla., 2013* – this consolidation of operations from northern New Jersey and Oklahoma is viewed by our firm as the first of many that will find Florida as common ground for reluctant transferees from different cities and cultures. The absence of a personal income tax in Florida, real estate bargains, strong in-migration and low property taxes will further this trend.

*Mercedes-Benz from Montvale, N.J., to Atlanta, GA, 2014* – This high profile move is generating huge cost savings to the German luxury carmaker. It is the poster child for those projects pitting high cost and high tax Northeast states like New Jersey, New York and Connecticut against lower cost Southeast states like Georgia and the Carolinas. Mercedes characterized the move as one that will improve its competitive cost position for the next 50 years. Georgia’s $23 million dollar incentive package was welcomed by Mercedes but had little to do with the move. Fewer than 300 of Mercedee’ 1,100 workers in New Jersey were even asked to relocate. The company sought a fresh start and fresh bottom line in the Atlanta suburb of Sandy Springs and got it.

*Cadillac from Detroit to New York City’s SoHo District, 2014* - Cadillac and its new president, Johan de Nysschen, are hoping that the headquarters move from struggling Detroit to trendy, hipster-haven SoHo will enable the brand and its management to see and be seen by younger trendsetters from around the world and help re-establish the marque nameplate as a must-have, high-end automobile. Can a change of scenery turn things around for Cadillac? That’s what the storied General Motors luxury division hopes to achieve by this controversial move, a move all about “branding” and little else.
ConAgra from Omaha to Chicago, 2015 — After spending a hundred years in the Heartland city where it was founded, ConAgra’s move to Chicago doubles down on a similar Small Market to Big City move recently carried out by another food processing giant, Archer-Daniels- Midland when it move from Decatur, IL, to Chicago. These two “How You Gonna Keep Them Down on the Farm?” headquarter moves are all about the recruiting challenges faced by companies is smaller market metros. Another driver here is the draw of robust global air service from a major gateway airport like O’Hare, something Omaha’s Eppley Field cannot begin to compete with.

General Electric from Fairfield, Conn., to Boston, 2016 — Connecticut proved you could go to the taxing well just so many times without dire consequences. Ironically, one of the last states in the Northeast to implement a personal income tax in 1991, incessant tax hikes and budget shortfalls over the years have led to an exodus of businesses from Connecticut. The GE move to Boston’s seaport district from suburban Fairfield, Conn., also points to the growing draw of downtowns versus suburbs for the coveted millennial worker.

Author’s note:

I was delighted to be asked by Atlanta Business Chronicle to weigh in on the Amazon HQ2 search. Our firm has been very active in the Atlanta market over the years and we know the Chronicle and its parent company, American City Business Journals well. In fact, in 1982, my dad who founded our firm, and former American City Business Journals CEO – the late Ray Shaw - was invited by the Charlotte Chamber of Commerce to tour Charlotte as a location for new corporate offices. Ray Shaw, at the time, was president of Dow Jones, publisher of The Wall Street Journal and worked out of Princeton, N.J., where the Journal had a major office presence. ACBJ is now headquartered in Charlotte.

Our firm has followed the phenomenal growth of the ACBJ network and regards its coast-to-coast publications and annual Book of Lists as valuable research tools during our site selection investigations. On numerous occasions, our firm has been asked by Business Journal editors to weigh in on their local economies and national trends in corporate site selection and economic development.

About The Boyd Co.

Founded in Princeton, NJ, in 1975, Boyd is one of the nation’s oldest and most experienced corporate site selection firms. The firm provides third-party location counsel to leading U.S. and overseas companies in a range of manufacturing, service and logistics fields. Some Boyd clients include: Boeing, JP Morgan Chase, PepsiCo, Dell, HP, TD Canada Trust and Royal Caribbean. Amazon is not a Boyd client and the ensuing comments are made from the viewpoint of an independent, third-party observer of this most unique, high profile national site search.
January 22, 2018 Guest Spot on NYC’s AM 970 The Answer With Joe Piscopo. Talking About New York City & Newark, NJ’s Chances of Landing Amazon HQ2. Here is the Show’s Tweet from that Morning:

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Sorry, we’re closed! What does the government shutdown really mean? @abcnews Political Director @rickklein explains & informs - with @JrzyJoePiscopo
Amazon's HQ2 Losers Hold Out Hope for Consolation Prize

By Laura Stevens – January 19, 2018

Amazon.com Inc.'s search for a second headquarters location has disappointed a couple hundred small towns and big metros across North America.

But there is a silver lining, which officials at some losing cities say they factored into their applications -- the chance to tout themselves to Amazon as a destination for a smaller investment, such as one of the data centers and warehouses the company is rapidly building in the U.S.

Amazon on Thursday announced 20 finalists, selected from 238 North American applicants, to be its so-called HQ2. The company expects to finalize its choice this year and has said the winner can expect up to 50,000 high-paying jobs and $5 billion in investment over nearly two decades.

Amazon added, in a statement, it learned about new communities that it will consider for future projects.

"There'll be one bride and over 200 bridesmaids," says John Boyd, principal at the Boyd Co., which helps companies select sites. "It's still a very valuable process for cities that fall short."

Amazon has started to reach out to some losers. Small-business owners who proposed Anchorage, Alaska, for HQ2 knew it was a long shot. Because of its location, the city -- which boasts flight times of 9.5 hours or less to 95% of the industrialized world -- already hosts major United Parcel Service Inc. and FedEx Corp. air hubs and could prove attractive to Amazon as it develops its own logistics network.

Meghan Stapleton and Carmen Baker, two business owners who hand-delivered Anchorage's proposal to Amazon headquarters, said one of the company's economic-development team members called Thursday to say he appreciated their efforts and planned to contact the state's economic development team to discuss further possibilities, although he declined to specify what they might be.

"We made another pitch on our call on our merits, making sure that we're on their radar," Ms. Stapleton said. "That was all we wanted, was to be considered for a place at the table."
Amazon's individual logistics and operations facilities to date don't compare with the scale of HQ2, but the company is on a construction tear. According to estimates by supply-chain consultancy MWPVL International Inc., which tracks Amazon warehouse growth, the company now has about 320 fulfillment centers, sort centers, hubs and other logistics facilities in the U.S. That's up from 239 a year earlier and 77 five years ago.

Amazon also has been opening data centers and offices around the world. And it held a job fair in August to hire 50,000 mostly warehouse workers across the country, part of its larger pledge to create more than 100,000 full-time U.S. jobs through the middle of this year. Its number of employees topped 540,000 in the third quarter, up about 77% from the same quarter in 2016, in part due to its acquisition of Whole Foods.

An Amazon spokesman said the company invested more than $100 billion in the U.S. between 2011 and 2016.

Typically, a new warehouse, such as one Amazon recently announced for a Baltimore suburb, brings roughly 1,500 full-time jobs with benefits, as well as millions of dollars in investments and further advantages, such as additional indirect job creation.

Still, those blue-collar jobs tend to be hourly, often paying starting wages between about $12 and $14 based on location. That compares with the promised average salary at the new headquarters of $100,000 a year. And those new jobs can be tough, requiring heavy lifting and standing all day.

Major cities held an edge in Amazon's headquarters competition, given requirements like population size and transportation options. But that didn't stop less-prominent locales from trying, including small, rural towns like Rockdale, Texas, and bigger cities like Birmingham, Ala., which on Thursday tweeted an Amazon smile logo underlining "HQ3?"

Officials in some smaller areas said getting on Amazon's radar for possible investments was a factor in their HQ2 application.

"We feel that there's a future for Amazon here in the state of Idaho," said Clark Krause, executive director of the Boise Valley Economic Partnership. He said he hopes Amazon chooses to locate a future new development there. "I don't know exactly when that would be, but I think we're well positioned because they don't have a lot of distribution points in the state," he said.

His group promoted the region's cluster of companies with food logistics expertise to Amazon, which last year bought Whole Foods in an expansion into groceries. "We knew they weren't coming" for HQ2, Mr. Krause said, but "hey, if you're inviting us to talk to you, we're going to take that opportunity."

Still, many applicants won't be considered for new projects. And some local governments have drawn criticism for wasting taxpayer money on long-shot proposals.
Losing out on Amazon could still leave room to use resources compiled from that process to attract another major company, some officials said. Long Beach, Calif., proposed a location for Amazon -- but would also like to woo rival Alibaba Group Holding Ltd. of China, said John Keisler, Long Beach's director of economic development. The city is banking on its expertise as a logistics hub between the companies' two home countries.

Connecticut publicized pieces of its proposals to capitalize on the enormous attention around Amazon's contest and to try to draw interest from other companies, says Catherine Smith, commissioner of the Connecticut Department of Economic and Community Development.

Connecticut knew "it's a long shot for HQ2," she said. But "I think the process itself was very valuable for the state."
Amazon creates new playbook for headquarters searches

Ryan Ori and Lauren Zumbach – January 19, 2018

Corporate relocation searches can be cloak-and-dagger affairs, complete with secretive office tours, project code names and hotel rooms booked under aliases.

Amazon, one of the world’s most powerful and recognizable companies, is turning that model upside down as it considers Chicago and 19 other contenders for its second headquarters, also known as HQ2.

The online retailer’s highly publicized search has already generated months of publicity. It energized North American cities and regions that responded with fine-tuned pitches and, in some cases, incentive packages worth billions of dollars.

In doing so, the Seattle-based giant may be creating a new playbook that other major corporations can follow.

“I think we saw confirmation of that earlier this week,” Ron Starnes, executive vice president at Atlanta-based Conway, a corporate expansion and relocation consultancy, said Friday, referring to Apple’s announcement about plans for a second major campus.

Although Apple’s exact plans are unclear, it appears to be the first example of another company following Amazon’s approach of tipping its intentions by megaphone rather than whisper.

Amazon and Apple may not spark a widespread trend, but it’s possible other large, well-known companies could try a similar approach. “Only companies with really deep pockets and wherewithal and stature can do site selection in this public a fashion,” said John H. Boyd, principal of The Boyd Co., a Princeton, N.J.-based corporate site selection consultancy.

Amazon publicly announced plans to create HQ2, and up to 50,000 high-paying jobs, in September. The company received proposals from 238 North American cities and regions by its October deadline. The company on Thursday announced it had chosen 20 contenders, including Chicago, which proposed eight potential sites in the city and two in the suburbs.
“Usually a fairly quiet process, Amazon has brought corporate headquarters searches to a new level, making cities raise their game in assessing and quantifying the value of their physical, intellectual and cultural assets,” Andrea Zopp, CEO of World Business Chicago, said in an emailed statement.

Headquarters searches typically have been treated more like state secrets than branding opportunities.

Real estate searches are often presented to prospective cities and landlords as vague-sounding code names such as Project Mitt (a Toyota-Mazda auto factory), Project Flying Eagle (a Foxconn manufacturing plant) or Project Plum (GE’s headquarters).

Top company executives take private planes, check into hotels with aliases, and shun clothing or briefcases with corporate logos. CEOs tour skyscrapers on nights and weekends when offices in the buildings are closed.

Building owners put up with the anonymity, even though they’re curious about the prospective tenant’s identity.

In their bid to land Amazon’s HQ2, the city of Chicago and state of Illinois proposed 10 sites. Spanning the city and two suburbs, Mayor Rahm Emanuel said they "demonstrate the region's unparalleled potential to support Amazon's future growth."

“I’ve had landlords tell me they’ve reviewed security tapes so they can guess who it is,” said office tenant broker Jason Schulz, CEO of Chicago-based J. Rich Co. “They’re trying to determine how credible the tenant is, and the company’s credit-worthiness.”
Rich represented Archer Daniels Midland when the company moved its headquarters to Chicago in 2014, after also considering Atlanta, Dallas and Minneapolis.

That relocation, like many conducted in secrecy, was much different than Amazon’s search. Although the deal involved a relatively small number of top executives, it involved moving jobs away from the company’s longtime headquarters in downstate Decatur.

Whether it’s a move of some executives or an outright relocation of an office, most firms seek the utmost secrecy to avoid worrying employees about an impending shift of jobs, said Michael Sessa, an office tenant broker who leads Cushman & Wakefield’s group that specializes in headquarters site searches.

Sessa’s team worked on Toyota’s North American headquarters deal in Plano, Texas, and global headquarters deals of Pfizer in New York and Kraft Heinz in Chicago.

“Most searches are more confidential in nature because those companies are trying to avoid disruption at their existing headquarters,” Sessa said. “This open process is not for everyone, and there are reasons behind that.”

Amazon’s search reminds many longtime Chicago observers of another Seattle company’s headquarters move here — Boeing, which chose Chicago in a public bake-off also involving Denver and Dallas as finalists.

Boeing’s pool of contenders was far more limited than Amazon’s continent-wide call for proposals. Nonetheless, the aerospace company played it close to the vest.

On a scouting trip to Chicago, Boeing officials reportedly toured sites in helicopters and unmarked vans and slipped into a dinner meeting with then-Mayor Richard Daley and then-Gov. George Ryan at the Art Institute through a back door.

Boeing’s search spurred fervent speculation and competition not only among the three contending cities, but within their metropolitan areas. Within a week of Chicago being named a contender, about a dozen Chicago-area towns had contacted state commerce officials to pitch themselves as a potential home for Boeing, which eventually ended up downtown.

At the time, a Boeing spokesman denied the company was trying to stir up competition or publicity. Going public with the shortlist helped the company get access to people and information it needed to help make its choice, Boeing said.

Going public almost guarantees the company plenty of free publicity in locations under consideration, while letting local governments know they need to put their best offer forward, Starner said. “No doubt they’re going to get a more generous incentive package than they would have if they’d played the game the usual way,” he said.
Amazon and Apple can orchestrate public searches because they’re planning to create jobs in their new destinations, rather than uprooting existing workers, experts said. The companies are also ubiquitous, and savvy in the way they market themselves.

“Look at the competition they’ve created among all the applicants,” said Peter Allen, a commercial real estate developer in Detroit and Ann Arbor, Mich., who is also a lecturer in the University of Michigan’s Ross School of Business and Taubman School of Architecture. “It’s brilliant to do this publicly, pitting one city against the other. They’re really in the catbird seat to negotiate a good deal.

“And the publicity is gaining the attention of potential employees. Once they pick a location, they’re going to have thousands of people lined up at the door to sign up.”

The potential downside for Amazon is creating one winner, while 237 suitors feel the sting of public defeat.

Courting so much attention also could backfire if a winner that promised hefty incentives ends up with buyer’s remorse, Starner said.

“It’s a bit of a high-wire act,” Starner said. “You’re maximizing publicity and attention, but if you fall, if things go badly, they could go really badly.”

Still, Starner said he thinks others will try, even if they don’t copy Amazon’s playbook entirely.

All may not be lost for the 237 also-rans, though. They’ll have thick books filled with available sites, potential incentives and glossy pages touting their best attributes, and they’ve learned lessons for their next big pitch.

“A positive outcome of this could be the self-reflection of communities throughout the country,” Sessa said. “They’ve had to be very honest about where their strengths are and where their weaknesses are. Only one is going to be selected, and the other 237 will have assembled a lot of good information. If the weaknesses are addressed, the beneficiaries will be the companies who reside there now and the companies looking to move there in the future.”
Now we know the top contenders for Amazon's HQ2

John Pletz on Tech – January 18, 2018

After a couple months of speculation, Chicago now knows who its competition is for Amazon's huge expansion project.

Chicago was picked as one of 20 cities or metro areas that Amazon will consider for a second headquarters outside Seattle, where the e-commerce giant could hire as many as 50,000 people over the next 10 to 15 years.
“Yesterday there were 238 cities; today there are 20,” said John Boyd Jr. of Boyd Co., a relocation consulting firm in Princeton, N.J. “Chicago, to no one’s surprise, is on the list. It would be malfeasance if Chicago weren’t on this list.”

The city was confident and hopeful it would make the cut, but there was no way to be certain until officials got a call early Thursday. “As companies including GE Healthcare, ConAgra and McDonald’s have concluded, Chicago offers unparalleled opportunities, and we are going to continue to work as a region to make the case to Amazon that Chicago is the ideal location for HQ2,” Mayor Rahm Emanuel said in a statement. “We are prepared to compete at the next level and the next level after that.”

The 20 finalists picked by Amazon are a broad mix of cities big and small, ranging from Columbus, Ohio, and Indianapolis to Los Angeles and New York. In addition to Chicago, it includes many of the early favorites, including Austin, Denver, Boston, Toronto and Washington, D.C.

“I think cities like Columbus, Indianapolis and L.A. are on this list for other reasons,” Boyd said. “This is a list that every part of the country is represented. Amazon doesn’t do anything without accounting for the branding impact.”

Another surprise: Three of the 20 finalists are near the nation’s capital, where Amazon has 2,500 employees and Bezos owns the Washington Post. “That’s a tell,” said Mark Zandi, chief economist for Moody’s Analytics. “I think they’re leaning in that direction.” Crain’s identified Washington, D.C., as a top contender after Amazon announced the HQ2 bake-off in September.
Amazon initially said it expected to make a decision in the first half of 2018, but now the company says only that it will happen sometime this year.

Amazon said it “evaluated each of the proposals based on the criteria outlined in the RFP to create the list of 20 HQ2 candidates that will continue in the selection process. In the coming months, Amazon will work with each of the candidate locations to dive deeper into their proposals, request additional information, and evaluate the feasibility of a future partnership that can accommodate the company's hiring plans as well as benefit its employees and the local community.”

Next up are site visits, but none has been scheduled so far, said a source familiar with Chicago's bid.

Amazon first announced its search for a second headquarters in September, prompting a rush of bids from cities around North America to host the company. Chicago was seen as a likely contender, based on Amazon's criteria of wanting to be in an urban area with more than 1 million people within 45 minutes of an international airport and preferably have direct access to mass transit.

Amazon will be paying close attention to the bottom line. It has been aggressive and savvy in pursuing tax breaks, pulling in an estimated $1.3 billion over the past 15 years, especially as it has built out distribution centers for same-day delivery.

Amazon has not revealed the incentives that cities and states have offered it in proposals. New Jersey, widely seen as one of the most aggressive bidders, passed an incentive package valued at $7 billion.

Chicago, like many other cities, was tight-lipped about its bid, worrying about tipping its hand early in a process that could drag on for months. But the broad strokes of the deal quickly emerged, revealing a package estimated at $2.25 billion. The biggest piece is $1.4 billion in tax credits from Illinois' Economic Development for a Growing Economy (Edge), which program was revived in September 2016, just in time for the Amazon sweepstakes. Edge provides for corporate income tax credits that could be used to offset individual withholding taxes associated with new jobs.

Chicago, meanwhile, is also on the short list—along with Dallas, Atlanta and Boston—for a major Google office hub that could potentially bring as many as 5,000 jobs. And yesterday, Apple announced it's planning to build another corporate campus and hire 20,000 workers during the next five years. There's no word on where that new campus would be located, though Emanuel confirmed to Crain's that Chicago will make a pitch.
Why Miami could still be a winner even if it loses the Amazon headquarters

By Douglas Hanks  -  January 19, 2018

Miami was always seen as an underdog for Amazon’s headquarters, given its thin roster of heavy corporate hitters, lack of a tech-savvy workforce and low marks on certain urban perks, like a vibrant transit system.

So when Amazon announced on Thursday that Houston was out, that Charlotte, North Carolina, was out, that Phoenix was out, that Tampa was out, but that Miami was in — well, some corporate boosters in South Florida took that as a surprise win all by itself.

“You almost want to put out ‘Amazon HQ2 approved’ or something,” said Bob Swindell, president of the Greater Fort Lauderdale Alliance, Broward County’s economic-development agency, which submitted two undisclosed sites as part of the regional application to Amazon’s search for an auxiliary headquarters. “In my mind, it’s just huge. No matter what happens.”

South Florida’s chances to land the Amazon facility certainly look better now than they did before the Seattle-based company announced its 20 top picks out of more than 200 applicants.

Miami — the geographical name given the regional bid, which is heavy on Miami-area sites — is the only Florida location to make the cut. Company founder Jeff Bezos graduated from Palmetto High in the 1980s, so there’s a sentimental connection. If Amazon wants to use its “HQ2” choice to send a message about diversity or new markets, Miami offers a chance to plant a flag in the financial capital of Latin America. Florida’s lack of an income tax, weak labor-union protections, and “business-friendly” climate fostered by a Republican-dominated Legislature could be particularly appealing in the headquarters hunt.

And then there’s the weather. On the day Amazon made its HQ2 announcement, the high in Boston — believed to be a leading contender on the list — barely topped 20 degrees.

But with 20 cities now competing for a single corporate headquarters, the odds remain stacked against Miami. Miami-Dade leaders also say they held back from offering Amazon the kind of lavish subsidies included in the application packets by other contenders, like a $2.5 billion incentives package from Chicago, including $100 million in free land and hundreds of millions of
dollars in local and state tax breaks. Newark also made the list of 20; it offered a $7 billion incentive package.

Amazon Prime Now opened a new hub in Wynwood on Wednesday, June 28, 2017 aimed at serving South Florida’s Hispanic audience.

Amazon, an avid consumer of government subsidies, is conducting what is likely the most competitive and public competition in history for a corporate headquarters. That has some already looking past the current pursuit to consider how Miami might benefit even if it emerges as an HQ2 also-ran after submitting eight potential sites, with five of them in Miami-Dade, two in Broward and one in Palm Beach.

One executive involved in the local bid said organizers considered it a long shot even to make the first cut — and that Miami officials were salivating at the publicity potential from that moment alone.

“Part of what we have to do is tell Miami’s story as effectively as possible as a desirable place for business. Amazon just helped that,” said Michael Finney, president of the Beacon Council, Miami-Dade’s economic-development agency. “The fact that they identified us as a Top 20 location for their next headquarters says that Miami should be a target for consideration as other businesses are considering expansion locations.

“So we will take that messaging and build that into our marketing narrative,” he said. “It’s a very important thing.”

With 20 cities claiming the same bragging rights, Miami’s inclusion may amount to a short-lived applause line for local politicians and business luncheon speakers. If another round of cuts emerges, Miami could be best known in the HQ2 narrative as an Amazon also-ran — especially if the company winds up announcing, say, a list of 15 finalists without the Magic City.

As making the first cut raises hopes, the high stakes of the Amazon decision could make a defeat hurt even more. The company expects to create as many as 50,000 jobs with its secondary headquarters — easily enough to make Amazon Miami-Dade’s largest employer, well ahead of the school system’s 33,000 workers. While the Miami area already has Amazon warehouses and delivery centers, those facilities are scattered throughout the country and offer mostly low-wage jobs. Amazon is pledging to bring a secondary headquarters where the average wage will top $100,000, inside a complex that will be part of a $5 billion investment by the company.
Alyce Robertson, executive director of Miami’s Downtown Development Authority, said she took Amazon’s Top 20 decision as a chance to retire some dated national stereotypes about the city’s corporate scene.

“This shows we’re not just a fun-in-the-sun city,” she said. “We move from our ‘vacation spot’ designation and into ‘international business capital.’”

The nature of Amazon’s business — the world’s leader in online retailing and a pioneer in dominating categories through technological advances — adds to the cachet Miami hopes to absorb from being considered for a headquarters. In the single page of the Amazon application that Miami-Dade has agreed to make public, Mayor Carlos Gimenez touts Miami as “a city of the future” and the “Tech Center of the Americas.”

With Amazon unleashing a high-profile, well-covered race to win its favor, the scoring of the Top 20 offers Miami a chance to highlight its strengths as a business hub (while also enduring a national spotlight on what might make Amazon say No). John Boyd Jr., a New Jersey-based relocation consultant for businesses looking to expand or move, said he’s seen South Florida as a serious contender for Amazon since the contest was announced last September.

He thinks Amazon will look favorably on what Miami’s economic boosters generally consider its top assets: central role in Latin American finance and commerce, one of the nation’s leading Spanish-speaking workforces, and a diverse, multinational population with a broad mix of cultures and immigrant communities.

“There’s an abundance of multilingual skills,” said Boyd, a partner in the Boyd Company in Princeton, New Jersey. “Miami is the gateway to South America, and one of Amazon’s central priorities is to expand into Central and South America.”

He also pointed to the importance of Brightline, a new for-profit railroad scheduled to link downtown Miami with Fort Lauderdale and points north in a way that Tri-Rail, which sits farther west, does not. Should Miami’s new urban train get national attention from the Amazon hunt, it could help blunt story lines around Miami traffic and the county’s decades-long failure to expand its Metrorail system.

For Frank Nero, the former head of Miami-Dade’s Beacon Council, seeing Miami on the Amazon 20 list means validation of something more obscure: a regional effort on recruiting companies. Rather than branding the application with the blander “South Florida” label, Broward and Palm Beach conceded to tagging along with the Miami moniker. And Amazon said yes.
Amazon’s Prime Now Miami hub in Wynwood, where employee Michael Sterling checks products in the freezer before the hub opened in June 2017.

“It underscores the strength of doing a tri-county proposal,” he said. “It shows it has merit.” As for Miami making the cut, Nero sees the moment as a milestone.

“Now you’re identified with the major players. I think it sends a message for future recruitments, to say: ‘Look, we’ve got something going on down here,’ ” said Nero, a partner in the Economic Solutions Group consulting firm in Miami Springs. “If they whittle it down to a Top 10 or a Top 5, and Miami is in that hunt, it’s even better.”
Amazon released a list of 20 finalists for its HQ2 sweepstakes.

Amazon.com Inc. (Nasdaq: AMZN) has narrowed its search for a $5 billion second headquarters from 238 bids down to 20 finalists.

Proposals from Phoenix, Tucson, Detroit, Kansas City, St. Louis and Baltimore and Minneapolis didn’t make the cut.
That leaves site selection, economic development and real estate experts trying to figure out where Seattle-based Amazon and its mega-billionaire founder Jeff Bezos will eventually land.

**Place your bets**

Irish betting website Paddy Power has odds out on the 20 finalists.

Boston is tops at 3 to 1 followed by Austin and Atlanta at 7 to 2.

Here’s the rest of the odds:

- 8 to 1: Montgomery County, Maryland and Pittsburgh
- 10 to 1: Washington D.C.
- 14 to 1: New York, Philadelphia, Toronto
- 16 to 1: Chicago, Newark, Denver
- 20 to 1: Columbus, Los Angeles, Nashville, Raleigh, Northern Virginia, Miami, Indianapolis

It really depends on what kind of play Amazon and Bezos are making with a second headquarters.

Here are the likely scenarios and options and some of them might be surprising:

**East Coast bias**

Seven of the 20 finalists are in the Northeast (New York, New Jersey, Boston, Philadelphia, Washington, D.C., Montgomery County, Maryland and Northern Virginia).

That says a lot to John Boyd, an economic development and site selection expert with the Boyd Co. in New Jersey,

“I really think East Coast locations have an inherent advantage,” Boyd said.

Amazon already has significant footprints in New York City, New Jersey and Boston and Bezos owns the Washington Post.

**Show me the money**

Lack of big incentives and tax breaks could have been one of the driving factors keeping Phoenix and other Arizona bids from getting invited to Amazon’s prom.

Boyd said the biggest tax break dangling in front of Amazon right now is from New Jersey: $7 billion.
That’s also where he and wife, MacKenzie Bezos, went to Princeton. They met when they both worked together at D.E. Shaw Group, a New York hedge fund.

Amazon announced last year it was adding workers at Manhattan’s Hudson Yards development.

Maryland Gov. Larry Hogan touted Montgomery County’s bid Thursday.

“Maryland put forward an extremely strong group of sites that were all supported by the state with incentive packages totaling more than $5 billion, including road and transit improvements,” Hogan said.

- Dr. Spacemen

Boyd said Amazon putting Montgomery County — which is northwest of D.C. and includes affluent suburbs such as Bethesda and Rockville — isn’t necessarily about Bezos owning the Washington Post or being a more visible political foil to President Donald Trump.

Montgomery County is home to the National Institutes of Health and Food & Drug Administration. That’s helped foster a big biotechnology, biomedical and health care sector.

Boyd said Amazon has been eyeing health care, pharmaceuticals and medicine, including medical technology.

“What’s the next industry Amazon is going to disrupt?” Boyd said. “It’s medical devices and health care. It’s pharma.”

That also meshes with bids from Boston, New Jersey and Philadelphia.

Newark Mayor Ras Baraka touted New Jersey being home to 21 Fortune 500 companies and the potential social impact of landing in northern New Jersey.

“Newark has unparalleled logistical advantages for a company like Amazon,” Baraka said. “This moment provides an opportunity for Amazon to show that a company can do good in the world and also do well as a company.”

It might also help a bid from a wild card such as Nashville, which has a burgeoning technology and creative scene has long been known for health care.

Boyd notes that Amazon sniffing around the health care field prompted the $77 billion merger between Aetna Inc. (NYSE: AET) and CVS (NYSE: CVS).

They are based in Rhode Island and Connecticut.
CVS rival Walgreens (Nasdaq: WBA) is based in Chicago, another Amazon finalist. Chicago previously landed the headquarters of another Seattle corporate giant: Boeing (NYSE: BA).

• **Who is deciding**

Amazon included Washington D.C. and it’s Maryland and Virginia suburbs.

There’s even attention being paid to who made the cut down list announcement for Amazon and where other company site selectors are based.

“Getting from 238 to 20 was very tough – all the proposals showed tremendous enthusiasm and creativity,” said Holly Sullivan, Amazon Public Policy vice president.

Sullivan is the former president of the Montgomery Business Development Corp. and was vice president of economic development for Rutherford County, Tennessee.

That is Nashville's county.

Other top Amazon economic development executives are also based in the D.C. area.

• **City lights**

Boyd and another site selection and real estate expert, Gur Jeff Holzmann, have differing views when it comes to bigger markets versus more emerging markets and college towns in the Amazon sweepstakes.

**Boyd likes the odds for big states and markets saying they have the labor talent and incentives.**

Holzmann, who is managing director of iintoo Investments Ltd. in New York, doesn’t.

“Amazon is not coming to New York City,” he said. “This place is busy. It’s crowded. It’s expensive.”

Holzmann also doesn’t like the Washington D.C. area, citing cost.

• **College towns, up and comers**

He said smaller and emerging technology hubs and college towns could offer Amazon cheaper costs and potentially better deals.

He specifically likes Austin — which is home the University of Texas and already has a big tech sector including Apple Inc. (Nasdaq: AAPL) — and Raleigh, North Carolina.
The Research Triangle area is home to three universities (University of North Carolina, Duke University and North Carolina State).

Holzman also thinks Columbus, Ohio, home to the Ohio State University, could offer Amazon workforce talent and cheaper costs.

“They need engineers. They need digital marketers,” Holzmann said.

Amazon has also liked college towns trying out innovations and new programs at UCLA in Los Angeles (another finalist) and Columbus.

Amazon also bought Whole Foods for $13.7 billion. The organic grocer — which competes with Phoenix-based Sprouts Farmers Markets (Nasdaq: SFM) — is based in Austin.

**Boyd also looks at Amazon putting Indianapolis and Nashville on its finalist list. Those are both up and coming new economy, technology and creative hubs.**

*Wild cards*

**Boyd said Miami was a surprising and interesting pick among the final 20. Florida doesn’t have income taxes and Bezos went to high school in Miami.**

**South Florida is home to a lot of Latin American headquarters for U.S. and other companies.**

It certainly offers geographic distance from Seattle.

*Toronto*

Toronto is a big, diverse and creative market akin to Seattle. It could also offer health insurance savings for Amazon via Canada’s national health systems.

The province of Ontario has also pledged to boost the number of students and graduates in the artificial intelligence field.

An Amazon pick of Toronto could also be a message to and spark a fight with Trump.

“For any business with a global footprint like Amazon, Toronto is an obvious option. Our airport is the fourth largest entry point into North America, with direct flights to 54 U.S. and 99 other international cities, and our population – more than half of whom were born outside of Canada – speaks more than 200 languages. Our culture and our community makes Toronto an ideal partner for companies around the world. Amazon, or any other company, would greatly benefit from the diverse perspectives and driven community here in Toronto and greater Ontario.” said Allan O’Dette, Chief Investment Officer of the Ontario Investment Office.
• Let the computer decide

Holzmann said Indianapolis isn’t a far out choice if Amazon looks at some of the metrics for its site selection. Those range from labor pool and business talent, to airports and costs.

Amazon is already huge on analytics for its customers.

Markets such as Atlanta, Denver, Boston and Dallas also do well if Amazon looks at metrics.

Atlanta and Dallas are large markets with lower costs and plenty of corporate headquarters ranging from Coca-Cola (NYSE: KO) and United Parcel Service (NYSE: UPS) to American Airlines (Nasdaq: AAL) and Southwest Airlines (NYSE: LUV).

Plenty of site selectors peg Atlanta as one of the front runners for HQ2. Boyd said Dallas is in the mix for any big corporate campus and headquarters.

• Ready for your close-up Mr. Bezos?

Neither Boyd or Holzmann give Los Angeles a prime shot at landing Amazon but it made the final 20.

Los Angeles has landed offices of other big technology companies and it’s a media capital. Amazon is also in the film and TV game and Bezos has a home in Los Angeles.

And who knows? Bezos is worth $106 billion. Sometimes the richest person in the world might want to be a full-fledged movie mogul.

Los Angeles Mayor Eric Garcetti posted a GIF of celebrating Kermit the Frog on Twitter (NYSE: TWTR) in celebrating his city being the only West Coast city in the top 20.

Mike Sunnucks
Senior Reporter
Phoenix Business Journal
South Florida makes first cut in Amazon’s HQ2 search

Jeff Ostrowski - Palm Beach Post Staff Writer - Jan. 18, 2018

South Florida made the first cut in its bid to become the home of Amazon’s second headquarters, the ecommerce giant said Thursday.

Amazon narrowed its search to 20 contestants. Aside from Miami, they are: Atlanta, Austin, Boston, Chicago, Columbus, Ohio; Dallas, Denver, Indianapolis, Los Angeles, Montgomery County in Maryland; Nashville, Newark, New York City, Northern Virginia, Philadelphia, Pittsburgh, Raleigh, Toronto and Washington, D.C.
Amazon said 238 localities applied to be considered. Among the notable regions that didn’t make the cut are Charlotte, Cleveland, Detroit, Jacksonville, Orlando, Phoenix, Portland, Oregon, and Tampa. No other Florida region is on the short list.

The Business Development Board of Palm Beach County joined forces with its counterparts in Broward and Miami-Dade counties to make a joint pitch for Amazon’s HQ2.

“Now, it’s trying to figure out what part of the region they want to see, and how we would conduct the tours, with Brightline really being a key connecting point,” said Kelly Smallridge, head of the Business Development Board.

Smallridge said the bid includes secret sites in each of the three counties. And, she added, economic developers in each county are prepared to support the project no matter which part of South Florida Amazon shows interest in.

“There are no territory battles here,” she said.

John Boyd, a location consultant based in New Jersey, said making the first cut bestows prestige on each of the 20 finalists.

“There’s a branding quotient that goes along with making the Top 20,” Boyd said. “We’re a nation that loves lists.”

Boyd and Smallridge both mentioned Amazon founder Jeff Bezos’ ties to South Florida. He went to high school in Miami, although Bezos has a stronger connection to Washington, where he owns both a mansion and the Washington Post.

South Florida’s selling points include its position as a gateway to Latin America. “One of Amazon’s major priorities is to gain market share in Central and South America,” Boyd said.

Seattle-based Amazon opened a bidding war in 2017 when it unveiled plans to open a facility with 50,000 employees at an average salary of $100,000. It sought proposals from regions with a population of at least a million people, and a frenzied competition ensued.

Palm Beach County’s decision to work with the Greater Fort Lauderdale Alliance and the Beacon Council was partly in response to Amazon’s requirements. The Internet retailer is encouraging cities to submit only one proposal per metropolitan statistical area, and despite its population of 1.4 million, Palm Beach County is part of the Miami MSA.

While Florida has grown less generous in offering job incentives to employers, Boyd said that might now matter. “Given Florida’s low-cost profile, given the lack of a state income tax, this will be a less cost-driven site selection than most,” Boyd said.

Amazon said it will pick a winner this year.
Pittsburgh has landed on the mother of all top 20 lists.

The Steel City is one of 20 metro areas to make the cut in the frenzied competition for Amazon’s prized second headquarters.

Those cities, including Pittsburgh’s cross-state rival Philadelphia, will now “move to the next phase of the process,” as Amazon put it in revealing the list of remaining contenders Thursday.
Amazon culled the top 20 from the 238 proposals it received last fall for HQ2, widely considered a potential economic development gold mine with its promise of up to 50,000 jobs and $5 billion in investment over 17 years.

In the cities that made the cut, the announcement brought lots of high-fives, backslapping, and celebration. In those that didn’t, there was dejection and questions of what went wrong. Among those left out were Detroit — once considered a favorite by some — Houston, Baltimore, Cleveland and New Orleans.

Local leaders, of course, were elated that Pittsburgh’s hopes are still alive. Mayor Bill Peduto noted there were snickers within the Washington press corps nine years ago when former President Barack Obama announced that the city would host the G-20 summit in 2009.

“Nobody laughs anymore,” he said.

Allegheny County Executive Rich Fitzgerald said the selection validates the transformation that has taken place in the region, including the emergence of a strong tech sector. Making the cut “is a big deal. It’s a really big deal.”

“When you look at that list, it’s a tremendous honor for us,” he said.

No doubt Pittsburgh will be facing some stiff competition in round two of HQ2.

Other cities still in the running are Atlanta, Austin, Boston, Chicago, Columbus, Dallas, Denver, Indianapolis, Los Angeles, Miami, Nashville, Newark, New York City, Raleigh, Toronto, and Washington, D.C. The Montgomery County, Maryland, and Northern Virginia regions also will compete.

Pennsylvania and Texas were the only two states to place more than one contender on the list. But in what some experts saw as telling, the Washington, D.C., area landed three, counting Montgomery County and Northern Virginia.

“[The D.C. area] makes the most sense economically and politically, and has stood out for awhile,” said Tom Stringer, a managing director at professional services firm BDO’s New York office.

With the whittling out of the way, Amazon stated it will now work with the 20 remaining contenders to “dive deeper into their proposals, request additional information, and evaluate the feasibility of a future partnership that can accommodate the company’s hiring plans, as well as benefit its employees and the local community.”

Local leaders had no advanced notice that Pittsburgh had made the top 20. Stefani Pashman, CEO of the Allegheny Conference on Community Development, said the region is ready.
The team that helped to put together the city’s Amazon’s bid has been meeting regularly to gear up for the next phase. In advance of Thursday’s announcement, it even had prepared two press releases — “the good one and the not so good one,” Ms. Pashman said.

“The message today is that we are ready. We are ready for Amazon. When this bid went in, we didn’t stop working. We kept the team meeting. We made sure that when we got this phone call or this email or this press release that we would know exactly what to do,” she said.

“And so we are very much looking forward to working with Amazon in showing even more of our true colors and what we have to offer them.”

The team, which includes foundation, university, community, government, and business officials, already has come up with places to take Amazon reps when they come to the city for a site visit to highlight “the best of Pittsburgh,” Ms. Pashman said.

Amazon expects to make a final selection this year but has given no timetable for doing so.

The e-commerce giant did not say whether there would be another round. But John Boyd, principal of The Boyd Co., a Princeton, N.J.-based site selection consultant, said he expects Amazon to “milk this for awhile.”

“Now they have a top 20 list. The next phase, they’re likely to come out with a top 10, top three or four or top five,” he said.

The competition already has touched off a fierce bidding war, with cities offering billions of dollars in incentives to land the coveted economic development prize.

Pennsylvania is believed to be offering $1 billion in incentives, although that has not been publicly disclosed. New Jersey is pitching $7 billion. Maryland is dangling more than $5 billion.

Round two could further up the ante, said Greg LeRoy, executive director of Good Jobs First, a Washington, D.C.-based nonprofit promoting accountability in economic development.

“There’s a risk the 20 finalists will feel even more pressure now to give away more of the store,” he said, although he stressed he believes tech talent will be a bigger factor in where HQ2 lands.

He called the top 20 list “a giant PR stunt,” saying the ones that made it represented 23 percent of the U.S. population and nine of the 10 biggest metro areas in the country.

In Pittsburgh’s case, local leaders aren’t sure more financial incentives are required. They have refused to release the Amazon proposal or disclose what incentives are being offered.
“I think we feel very prepared, that what we put forward is actually going to be very appealing and it’s indicated by the fact that we made it into the top 10 percent of the proposals,” Ms. Pashman said.

“We fully anticipate we’re going to be competitive,” Mr. Fitzgerald added.

Although Pittsburgh is competing against some formidable opponents, the county executive believes its tech pipeline, its quality of life, housing stock, and cost of living will give it an edge.

He noted that many futuristic ventures like self-driving cars have a strong presence in the city as well. That can only help Pittsburgh, he said, given that futuristic is what Amazon is all about.

While Pittsburgh has been a trendy pick for HQ2 among many pundits, Mr. Stringer begs to differ. He believes the region lacks the space, talent pool, and the “tier one air service” required.

Although he sees the Washington, D.C., area, where Amazon owner Jeff Bezo has bought a home and owns the Washington Post, as the leading contender, he cited Boston and perhaps Philadelphia as other top candidates.

Philadelphia, with good rail and flight access and the proximity to major markets like New York and Washington, “is a diamond in the rough in many ways,” he said.

Mr. Boyd likes Pittsburgh’s chances. “At the outset of this, we kind of said Pittsburgh will find its way onto the short list because of its transformation to one of the most exciting markets in the country with Google, Apple and Uber,” he said.

He views other top contenders as the Washington, D.C., area, Newark, Atlanta, Chicago, Philadelphia, and Miami. Mr. Peduto and Mr. Fitzgerald are standing by their decision not to release the region’s HQ2 proposal, with the mayor citing non-disclosure agreements with the private property owners that have offered their sites for Amazon as one of the main reasons.

A number of local news organizations, including the Pittsburgh Post-Gazette, have filed right-to-know requests to obtain the proposal. Many are now under appeal before the state’s open records office after being denied at the local level. Mr. Peduto said that if the state office rules in favor of the media, he would go to court to try to block the release of the proposal.

Mr. LeRoy said it should be released, arguing that taxpayers have the right to know what the region is offering. He questioned the need for secrecy, saying there is no evidence Amazon is negotiating with any city at this point.

The mayor, meanwhile, views some of Pittsburgh’s chief competitors for HQ2 as Austin, Boston, Raleigh, Nashville, Columbus and Toronto. As for Philadelphia? “I wish Philadelphia all the luck in the world in the Super Bowl,” he said with a smile.
Philly makes Amazon HQ2 shortlist

Philly is one of 20 North American cities in the running for the $5 billion dollar development. Amazon expects to make its final decision this year.

Update: This story has been updated to include comment from Philadelphia Mayor Jim Kenney. (1/18/18, 10:43 a.m.)

Out of 238 cities trying to woo Amazon for a shot at hosting its second headquarters, Philadelphia landed a spot alongside 19 other metro areas like Washington D.C., New York City, Boston and Los Angeles.
Seattle-based Amazon sounded the horns last September, asking cities to pitch themselves as worthy hosts of a sprawling second headquarters that would mirror the ecommerce giant’s West Coast hub. The project, with a sticker price of $5 billion, is expected to bring 50,000 jobs to the chosen city.

“All the proposals showed tremendous enthusiasm and creativity,” said Holly Sullivan, head of Amazon Public Policy. “Through this process we learned about many new communities across North America that we will consider as locations for future infrastructure investment and job creation.”

Mayor Jim Kenney, who last October said Philly was going to win the bid process, released a statement Thursday on Philly making the shortlist.

“Philadelphia’s inclusion in Amazon’s Top 20 potential locations for HQ2 is an exciting milestone for the city,” Kenney said. “We are thrilled at today’s announcement, and look forward to working with Amazon’s team on the next steps of this process to further highlight all that Philadelphia has to offer.”

Per Mogulette’s Brigitte Daniel, who worked alongside a coalition of Philly business leaders to compile the pitch, the news that Philly was tapped for the shortlist is an “amazing opportunity.”

“The fact that we’re considered for the second run means we have what it takes to offer a company like Amazon a holistic destination.”

Under the banner of #PhillyDelivers, the proposal drafted Philadelphia ambassadors like Sixers center Joel Embiid, Curalate CEO Apu Gupta and investor Josh Kopelman. It highlighted Philly’s strengths in site options, diversity and quality of life.

The next move from Amazon will be to make deeper dives on each city’s proposal, likely requesting additional information and performing feasibility studies. Daniel said this process will allow Philly to again highlight its assets in culture, diversity and tech.

“We should come together again as city and put forth the best of these examples,” said Daniel.

Site selection consultant John Boyd, who’s advised companies like Boeing, AT&T and PNC Bank in their own selection process, said there were not many surprises in the list, and believes Amazon will end up going with a city on the East Coast to improve its stance when it comes to recruiting.

“I’ve always felt great about Philadelphia as a choice,” Boyd told Technical.ly. “This reaffirms what we’ve always said about Philly: a strong labor market, real estate portfolio and infrastructure.”

Amazon expects to make a final decision this year.
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 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.

USA TODAY contributed to this report. Reach Natalie Neysa Alund at nalund@tennessean.com and follow her on Twitter @nataliealund.
Careful what you wish for — Amazon HQ2 could make Toronto's existing problems worse

The city was elated when it made the short list, but winning the prize risks making unaffordable housing, gridlock and brain drain even worse

Claire Brownell - February 2, 2018

In November, San Francisco’s homeless residents living near a pet adoption clinic in the Mission District got some 400-pound, beeping, whirring new neighbours courtesy of the Society for the Prevention of Cruelty to Animals.

Frustrated by repeated break-ins and vandalism, the organization had posted robot security guards outside its building. The SPCA has denied intending to harass the homeless people camping nearby, but harass them the robots did, recording their activities on video and causing some to move their tents because of the noise and surveillance.

The robots quickly became a symbol of San Francisco’s inequality problems, which many blame on the growing number of high-paying tech giants in the city. Those companies have brought massive economic growth to the region, but also skyrocketing rents, worsening gridlock and a growing homeless population.

There is good potential to make Amazon actually work in Toronto if the terms are negotiated early on, if it’s not a carte blanche

Abdullah Snobar, executive director of the DMZ
Those problems, experts say, may befall Toronto if it ever succeeds in becoming the location for Amazon.com Inc.’s second headquarters, a competition that in January was narrowed down to 20 possible sites, including Canada’s most populous city.

Local public officials were elated by the news and no wonder — the prize is 50,000 jobs and US$5 billion in economic investment, in addition to much-coveted international validation as a “world-class city” — but others wonder whether the negative side effects experienced by fast-growing tech enclaves such as San Francisco will be worth the win.

Those unpleasant consequences are not necessarily inevitable, but experts say avoiding them would take a combination of careful planning and quick action on the part of the city.

“There is good potential to make Amazon actually work in Toronto if the terms are negotiated early on, if it’s not a carte blanche,” said Abdullah Snobar, executive director of the DMZ at
Ryerson University. “You don’t want to get caught up in this carrot they’re going to be waving in front of you that they’re going to be creating jobs.”

To be sure, the home of Amazon’s original headquarters has done a much better job of addressing the challenges posed by rapid tech-fuelled growth than San Francisco has.

San Francisco tends to fight new development proposals to preserve the character of its neighbourhoods, while Seattle’s comparatively growth-friendly policies have helped keep rents and housing prices in check.

An analysis by the San Francisco Business Times in April 2017 found the city has only built one new unit of housing for every 12 jobs added since 2010. Seattle, meanwhile, has added a new housing unit for every three new jobs.

Rapid growth, however, has still put pressure on Seattle.

An analysis by real estate data firm Zillow found the jobs boom in the city’s South Lake Union neighbourhood, home to Amazon’s headquarters, was associated with annual rent increases equivalent to US$44 monthly on a typical 650-square-foot, one-bedroom apartment from 2011 to 2015.

And, according to a report by TorontoRentals.com, Toronto residents can expect to pay an extra $137 per year in rent if the city becomes home to Amazon HQ2.

**THE AMAZON EFFECT ON HOUSING**

**MEDIAN RENT** in U.S. DOLLARS, SEATTLE NEIGHBORHOODS THAT ARE POPULAR WITH AMAZON WORKERS, NOV. 2011 — DEC. 2017

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Median Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fremont</td>
<td>$2,628</td>
</tr>
<tr>
<td>Lower Queen Anne</td>
<td>$2,387</td>
</tr>
<tr>
<td>Capitol Hill</td>
<td>$2,341</td>
</tr>
<tr>
<td>Ballard</td>
<td>$2,296</td>
</tr>
<tr>
<td>Belltown</td>
<td>$2,213</td>
</tr>
</tbody>
</table>

SOURCE: ZILLOW.COM

NATIONAL POST
Toronto’s experience would also be different because Seattle absorbed the changes as Amazon grew organically. Amazon won’t hire all 50,000 employees at HQ2 at once, but Toronto will still have to figure out how to cope with the biggest corporate relocation in history.

Morgan Shook, a senior policy and economic analyst at Seattle-based economic consulting firm ECONorthwest, said the benefits of the jobs boom have generally outweighed the costs in the west-coast city, though long-time residents are more likely to experience such changes as negative.

“If you’re an outsider moving to Toronto because Amazon’s there, that’s obviously a win for you, getting paid wages that are commiserate to what it costs to live there,” he said. “Insiders typically perceive the change as being negative, because their relative position with congestion and prices is typically negative.”

Aaron Terrazas, Zillow’s lead housing economist, said Toronto and Seattle have both done a good job of adding new downtown condo units. But as workers get older and start families, they look for single-family homes, a type of housing that’s in short supply in both cities.

**Building transit is essential; to give people options of where to live and not force people to live exactly adjacent to the headquarters**

Aaron Terrazas, real estate data firm Zillow

Terrazas said improving transit is an important part of solving that problem. This will be particularly true if Amazon picks a downtown location for HQ2, since it will be impossible to cram housing for 50,000 workers into Toronto’s already congested core.

“Building transit is essential, to give people options of where to live and not force people to live exactly adjacent to the headquarters,” he said.

But if Toronto commits to ramping up new housing development and drastically improving transit, it would represent a major change from how things have generally gone on both fronts for decades.

Toronto shares San Francisco’s NIMBY problem when it comes to new housing proposals, with famed author Margaret Atwood generating headlines in August by joining forces with her well-off neighbours to oppose an eight-storey condo building in the Annex neighbourhood.

The city recently added new subway stops for the first time in 15 years, extending the system further north, but residents still groan with envy when they compare transit maps of other major cities to the Toronto Transit Commission’s “U-with-a-line-through-it” design.
Torontoians love to complain about unaffordable housing and bad transit, but it’s doing very well compared to other major cities, said John Boyd, principal at The Boyd Company Inc., a Princeton, N.J.-based consulting firm that specializes in corporate relocations.

Boyd said it would be a big mistake for the city to reject Amazon because it’s worried about the effect on quality of life.

“A rising tide raises all boats. It’ll be a shot in the arm for the real estate industry in the winning city,” he said. “People will have options of living downtown, or given the good public transit, they can live in some of the suburban options in Toronto. Housing, I think, is a strong suit for Toronto.”

But housing prices and congestion aren’t the only worries. Some prominent voices in the tech community are raising concerns about the effect of Amazon HQ2 on local startups.
Venture capitalist Anthony Lacavera said it’s important to remember the “2” in Amazon HQ2: the company’s real headquarters will still be in Seattle and top talent will likely get poached from Toronto startups and eventually migrate to the U.S., he said.

“If you’re a rising star in an organization, where are you going to get promoted to? If you’re a rock star developer, what’s your career path?” Lacavera said. “If you can convince me that Jeff Bezos is going to show up at work every day in Toronto, I would say, ‘You know what, wow, that’s great for Canada.’ But that’s not the way it’s going to go.”

Lacavera said he wants to know why all three levels of Canadian government are falling over themselves to attract a foreign company when there are local startups that could become the next Amazon with the same support.

Canada isn’t offering any direct incentives in its bid for HQ2, but various levels of government have promised indirect benefits, such as increasing education spending to produce more graduates with expertise in artificial intelligence.
“I’m extremely pro-competition, but I’m extremely pro-level playing field,” Lacavera said. “If they’re going to roll out the red carpet for Amazon, I want to see the red carpet rolled out for ... a list of Canadian growth companies.”

If they’re going to roll out the red carpet for Amazon, I want to see the red carpet rolled out for ... a list of Canadian growth companies

Anthony Lacavera

Of course, none of these concerns will come to pass if Amazon chooses another city for its second headquarters. Relocation specialist Boyd said Toronto would be a serious contender if it weren’t for U.S. President Donald Trump’s penchant for punishing companies that move jobs to other countries.

“It comes at a time when the thrust here in the States is America First,” he said. “That’s the mantra coming out of the administration in Washington.”

But just in case Amazon decides picking Toronto is worth the risk of Trump’s wrath, the city needs to be prepared, said Snobar, DMZ’s executive director. The problems Amazon HQ2 would bring may be problems most cities would love to have, but they’re still problems.

“Some people look at it as, if Amazon comes, they’re going to be our saviours, they’re going to be wearing the capes, they’re going to be here solving all the problems,” he said. “That’s not true at all.”
Chicago is one of Amazon's 20 finalists for its second North American headquarters

Chicago has made Amazon's cut of 20 finalist cities that it will seriously consider locating its second North American headquarters in. "Chicago, to no one's surprise, is on the list. It would be malfeasance if Chicago weren't on this list," John Boyd Jr. of New Jersey-based relocation consulting firm the Boyd Company told Crain's Chicago Business. Amazon narrowed the 238 cities that applied down to 20, including Atlanta, Los Angeles, New York City, Indianapolis, Raleigh, and Toronto. "I think cities like Columbus, Indianapolis, and LA are on this list for other reasons," Boyd said. "This is a list that every part of the country is represented. Amazon doesn't do anything without accounting for the branding impact." [Crain's Chicago Business]

Rauner campaign releases new ad featuring 11-minute chat between Pritzker and Blagojevich

Governor Bruce Rauner's reelection campaign has released another ad taking aim at Democratic front-runner J.B. Pritzker by featuring audio of a conversation between Pritzker and then-governor Rod Blagojevich. The latest ad contains the 11-minute "full, unedited, original wiretap recordings" of the conversation between the two men that was wiretapped by the FBI in 2008, and is set to air across the state over the weekend, according to Rauner's campaign. Blagojevich was considering Pritzker to replace Barack Obama's Senate seat after Obama was elected president in 2008, but in the wiretapped conversation Pritzker expresses interest in a state treasurer appointment instead. Pritzker's campaign quickly slammed the ad. "Hundreds of people spoke to the governor at the time, and whether Bruce Rauner chooses to buy a 60-second or even a 14-minute negative ad, the fact is J.B. Pritzker was accused of no wrongdoing," spokeswoman Galia Slayen said. "Bruce Rauner is desperately trying to interfere in the Democratic primary because he can't defend his failed record and because he doesn't want to face J.B. Pritzker in November." [Sun-Times]
- University of Illinois won't increase in-state tuition for the fourth year in a row

The University of Illinois's board of trustees has "approved a fourth consecutive base tuition freeze for incoming in-state students, a move partially aimed at attracting more Illinoisans to the system's three campuses," according to the Tribune. The tuition at the university's Urbana-Champaign campus will be just $12,036 for undergraduates enrolling in the 2018-2019 school year. The university hasn't frozen tuition rates for this many years since the 1970s. [Tribune]

- Rauner campaign releases new ad featuring 11-minute chat between Pritzker and Blagojevich

Governor Bruce Rauner’s reelection campaign has released another ad taking aim at Democratic front-runner J.B. Pritzker by featuring audio of a conversation between Pritzker and then-governor Rod Blagojevich. The latest ad contains the 11-minute "full, unedited, original wiretap recordings" of the conversation between the two men that was wiretapped by the FBI in 2008, and is set to air across the state over the weekend, according to Rauner's campaign. Blagojevich was considering Pritzker to replace Barack Obama's Senate seat after Obama was elected president in 2008, but in the wiretapped conversation Pritzker expresses interest in a state treasurer appointment instead. Pritzker's campaign quickly slammed the ad. "Hundreds of people spoke to the governor at the time, and whether Bruce Rauner chooses to buy a 60-second or even a 14-minute negative ad, the fact is J.B. Pritzker was accused of no wrongdoing," spokeswoman Galia Slayen said. "Bruce Rauner is desperately trying to interfere in the Democratic primary because he can't defend his failed record and because he doesn't want to face J.B. Pritzker in November." [Sun-Times]
Survey gives Austin high marks for tech workers’ cost of living. Could that help its chances at Amazon’s HQ2?

February 8th, 2018

As Amazon ponders its final decision on where to locate its $5 billion second headquarters project, will the retail giant factor in how far its workers’ salaries would go in whatever city it chooses?

If so, a new study by online jobs marketplace Hired.com could help Austin’s chances for landing the project, which Amazon has dubbed HQ2.

In a survey of major U.S. tech hubs, Austin has the best adjusted cost of living for technology workers, Hired’s study found.

Amazon said its second headquarters will bring 50,000 jobs to the winning city. Salaries will average more than $100,000 per year, and the facility will be 500,000 square feet to start out but could grow to as much as 8 million square feet. Amazon has narrowed the possible sites to 20, and Austin is one of the finalists.

In Hired’s study, Austin topped New York, Boston, Washington D.C. and Denver -- all among Amazon’s 20 finalists for HQ2 -- as the most cost-efficient place for tech workers to live.

"It's been a really perfect storm in Austin," Hired CEO Mehul Patel said. "It's been a high standard of living, companies having big demand and being a desirable place to live."

When it announced the project last September, Amazon listed preferences for its HQ2 site, among them being in a community “where our employees will enjoy living, recreational opportunities, educational opportunities, and an overall high quality of life,” the company said. Amazon has also said that financial incentives will play a role in which site it chooses.

Hired compared how much each cities’ average tech worker salary would be worth in San Francisco, which has one of the nation’s highest cost of living. Hired pulled data from more than
420,000 job interviews on their site, as well as housing, groceries, transportation and other economic data from crowdsourcing data site Numeo.

The researchers found that while the average tech worker in Austin earns an annual salary of $118,000, that would equate to being paid $202,000 in San Francisco when adjusted for cost of living. For comparison, both average and adjusted average tech worker salary in San Francisco is $142,000, according to Hired.

After Austin, the cities with the highest adjusted tech worker salaries were Seattle (Amazon’s hometown), Los Angeles, Denver, Chicago, San Diego, Toronto and Boston. Tech jobs analyzed included those in software development, product management and data analytics.

"Labor markets are tightening throughout the country and it is getting more difficult and costly to relocate employees and their dependents," Boyd said in an email interview. "Amazon will be factoring in all the moving parts here, high cost of living, competitive local hiring challenges and the enormous -- unprecedented -- magnitude of the national hiring and relocation tasks that lie ahead for the company."
Hired also surveyed about 700 tech workers across their site, asking them which city they would prefer to relocate to if they had to move. Austin ranked second behind Seattle.

“It’s not a coincidence that where (tech workers) would relocate to would be Austin. Low cost of living is a driving factor,” Patel said. “If you can get great talent where it’s also cheapest for the candidate, it’s a win for the companies. It’s not a coincidence Austin is seeing (investment from) all of these companies that are big corporations.”

Like other large tech firms here with a notable Central Texas presence (Facebook, Apple, IBM and Samsung, among others), Amazon has been investing in Austin in recent years.

The company doubled its local workforce from 2016 to 2017 to more than 900 employees.

At 3.1 percent, Amazon also had the fourth-largest share of tech job postings in Austin during 2017, according to recently released data from job site Indeed that included job listings for software engineers, developers, product managers and other jobs.

**Amazon’s HQ2 short list:**

- Austin
- Atlanta
- Boston
- Chicago
- Columbus, Ohio
- Dallas
- Denver
- Indianapolis
- Los Angeles
- Miami
- Montgomery County, Maryland
- Nashville
- Newark
- New York City,
- Northern Virginia
- Philadelphia
- Pittsburgh
- Raleigh, N.C.
- Toronto
- Washington, D.C.
Some of the Twin Cities metro area sites submitted for the Amazon HQ2 competition included the Ford plant site in St. Paul (upper left), the former Twin Cities Army Ammunition Plant site in Arden Hills (upper right), the Upper Harbor Terminal property in Minneapolis (lower left) and the West Publishing site in downtown St. Paul (lower right).

Expert: How Minnesota fell short in Amazon bid

By: Matt M. Johnson February 7, 2018

When the Twin Cities missed the cut for Amazon’s second headquarters, the reaction here was mostly Minnesota Nice — but not so nice from a guy in New Jersey who advises companies where to move.

“Clearly it’s a black eye,” said John Boyd Jr., a principal with the Princeton, New Jersey-based site selection firm Boyd Co.

Boyd should know. He has followed the HQ2 pursuit by 238 cities since it started last fall and has given his expert opinion to publications including Inc. magazine, the Chicago Tribune and the Washington Post. He also knows Minnesota well, having worked with clients including Medtronic in Fridley.
The Twin Cities area was a “surprising omission” from the list, he said, along with Detroit and Baltimore.

Officials in the Twin Cities that submitted sites for consideration were more diplomatic.

“While Amazon decided to pass, we are confident St. Paul’s investments in social capital, infrastructure and vitality make it a compelling location for businesses to grow and thrive,” said Hannah Burchill, a spokeswoman for the city’s Planning and Economic Development Department, in an email to Finance & Commerce.

St. Paul submitted at least two sites for consideration, though Burchill declined to name them. As Finance & Commerce has reported, the Ford plant site and the West Publishing site were submitted.

“It was certainly disappointing,” said David Olson, Lakeville’s community and economic development director. The Twin Cities suburb submitted a 176-acre site near the Airlake Industrial Park for Amazon’s consideration.

But outside the machinery of the local response to Amazon’s request for proposals for HQ2, the fact that none of the 18 Twin Cities sites made the list seemed a snub.

The Washington Post lends credence to Boyd’s shock about the exclusion from the list. The newspaper, owned by Amazon founder Jeff Bezos, subjected the finalists and Minneapolis to an evaluation based on criteria in Amazon’s RFP. The result? Minneapolis beat out all but four of the finalists on the quality of its business environment, its ability to attract and retain talent, and in its commitment to mass transit.

“The clear loser is Minneapolis,” according to the writer, noting that “others with weaker resumes moved on” to the finalist round.

What exactly went wrong for Minnesota isn’t clear. The state’s response to the RFP will remain confidential, said Mike Brown, Greater MSP’s vice president of marketing and communications. The response was written by the regional economic development group with assistance from the Minnesota Department of Employment and Economic Development.

But Boyd has his suspicions, even though he has not seen the Greater MSP submission. He said the Twin Cities and Minnesota fell short in identifying incentives to offset what Boyd said is the high cost of doing business in the state. The state offered up to $5.4 million in incentives through DEED, according to the state agency’s documents.

Although some of the cities that made the top 20 offered less or even nothing, some are prepared to give much more. Newark, New Jersey’s entry into the contest for HQ2 comes with an offer of $7 billion in aid, Boyd said. Another finalist, Boston, brought a more modest $92.1 million to the table, according to its RFP response.
“There needs to be a stronger message about incentive packages,” Boyd said in an interview on a recent trip to Minneapolis. “It’s the second war between the states.”

Minnesota should have also hit hard at Amazon’s interest in growing its health care sales. The state missed an opportunity to “remind the world that it is the epicenter of the nation’s medical device industry,” he said.

Amazon plans to spend about $5 billion on a new headquarters that would employ about 55,000 people. Greater MSP declined to release the final list of potential Minnesota locations, but some are known, and some cities have been willing to identify the sites they offered.

The list included a 427-acre portion of the former Twin Cities Army Ammunition Plant in Arden Hills, the vacated Ford plant in St. Paul, and the one-time West Publishing site on the downtown St. Paul riverfront, according to Boyd. The master developer of the TCAAP site even envisioned a design dubbed “Spaceship Amazon” that would have centered on a soaring blue and silver tower for the online retailer.

Minneapolis submitted four sites to Greater MSP to include in the RFP response, said David Frank, interim director of the Minneapolis department of Community Planning and Economic Development. Those areas are:

- The North Loop farmers market in the southeast quadrant of Lyndale Avenue and Olson Memorial Highway.
- The Towerside Innovation District near the University of Minnesota’s TCF Stadium.
- The Upper Harbor Terminal property between Dowling Avenue North and 36th Avenue North, just off Second Street North.
- A city-owned portion of the Bassett Creek valley that includes an impound car lot.

Frank has not seen the RFP response Greater MSP submitted, so he said he could not respond to the veracity of its argument for the Twin Cities as a site for HQ2. But he said he expected Minneapolis to do better than being eliminated in the first round of cuts.

“Yes, we were hoping we would be on this list when it came out to validate our belief that we are a great place for business including for outside business to locate,” Frank said.

Greater MSP has a different takeaway from the Amazon RFP process, said Brown. The organization’s response, he said, portrayed Minnesota in a “compelling manner.”

“The lessons learned is that working as a partnership we can provide a stronger response to requests such as these,” he said in an email to Finance & Commerce.

Amazon already has a 2.3 million square-foot fulfilment center in Shakopee. Amazon also moved in October into 103,000 square feet of office space it leases in the T3 building in Minneapolis’ North Loop neighborhood, according to CoStar.
Whether or not the Twin Cities made the finalist list probably would not have affected the final outcome, Boyd said. The Twin Cities area was a “long shot” to win the contest. Even so, the omission doesn’t seem to line up with the growth and development the area has seen in recent years, or the heightened profile Minneapolis received with last weekend’s Super Bowl at U.S. Bank Stadium.

Amazon’s finalists, in alphabetical order, are Atlanta; Austin, Texas; Boston; Chicago; Columbus, Ohio; Dallas; Denver; Indianapolis; Los Angeles; Miami; Montgomery County, Maryland; Nashville; Newark; New York City; Northern Virginia; Philadelphia; Pittsburgh; Raleigh, North Carolina; Toronto; and Washington, D.C.

Still, Boyd said he hopes the Twin Cities area does not let up on attracting major relocations, particularly with its recent national exposure.

“Hosting a Super Bowl is a crown jewel,” he said. “It puts Minneapolis front and center in the global discussion.”
Why Indy, Philly Stand a Shot to Land Amazon

By John Boyd, Principal, The Boyd Company Inc. - Feb. 8, 2018

We all love lists, and now we have the one that we have all been waiting for: Amazon’s Top 20 finalists for its HQ2 campus.

If you think the search has been front-page news all over North America these past few months, just wait until we see images of Jeff Bezos and his lieutenants on the ground and touring these cities, surveying sites and visiting with mayors and town fathers.

The 20 cities resonated here very well. I do believe larger-market, East Coast cities have the edge. Here are my thoughts on a few of these finalist cities:

I am glad to see Nashville make the list. Smart choice. It is one of the hottest real estate markets in the U.S. right now and has successfully transitioned from a manufacturing and hospitality industry center into a head office one. It is a transformative event for the economic development community there, elevating the city into a new league of competition, right up with larger markets like Atlanta, Dallas, Houston and Charlotte.

Naming three locations in the nation’s capital — Montgomery County, Maryland, Northern Virginia and the District of Columbia — would seem to indicate to me that Amazon ranks the area very high within the final 20, with the final choice probably being a real estate decision in one of those three jurisdictions. The NIH, based on Montgomery County’s Bethesda, is another potential key here, as Amazon’s next industries to “disrupt” are reportedly the pharma and medical devices sectors (along with the related healthcare sector it’s now disrupting with Berkshire Hathaway and JPMorgan Chase & Co.).

Texas will come to the table with a compelling case, including a positive business climate, low operating costs, and a Texas-size incentive package. I favor Dallas much more than Austin, especially the booming North Dallas communities like Plano and Richardson.

Miami entered the competition along with regional South Florida communities of Palm Beach and Fort Lauderdale. Beyond the state’s premier business climate and lack of a personal income tax, the new Bright Line transit system connecting Miami to Fort Lauderdale to Palm Beach and on to Orlando is a new labor-market dynamic.
Amazon getting into bitcoin introduces another intriguing dynamic for South Florida. Miami is the home of the Miami International Bitcoin, which is working to establish Miami as the epicenter of cryptocurrency. Miami has long been known as the gateway to the Latin American market — a market to the south that houses a half a billion people who do not have access to credit and a fully functional banking system. Enter cryptocurrency, enter Amazon?

Indianapolis is another smart and timely choice. The recent decision of software giant Infosys of India to invest heavily in Indianapolis is a significant high-tech endorsement for the city as well as Indy’s very attractive submarkets like Carmel, Fishers and Noblesville.

The Raleigh/Research Triangle area houses a highly technical workforce strong in sectors like pharma, IT and financial services. Citrix and Red Hat also call Raleigh home, and they are investing heavily in a $1.1-billion transformation of the city’s downtown business district. Major office employers such as MetLife and Deutsche Bank have grown here with great success over the past couple of years.

Atlanta: While Amazon is expanding into a number of industries, logistics is its bread and butter, and Atlanta has established itself as a global center of logistics. Home of UPS and the world’s busiest airport (for the 20th consecutive year in 2017), Atlanta also houses more than 12,300 logistics providers that employ over 150,000 people. Amazon already employs 300 tech workers in Atlanta and is expanding rapidly in the market. The airport is a real key here, as it is in Dallas.

Philadelphia enjoys great connectivity to both the New York and Washington, D.C., markets and has put together some compelling sites for the Amazon HQ2 like University City and the old Philadelphia Naval Yard. Drexel University President John Fry, who also serves as the Chairmen of the Board of the Philadelphia Chamber of Commerce, is a strong advocate for Philadelphia’s tech sector. I have noticed over the years that a common denominator among successful cities is to have a proactive university president — like a Michael Crow at Arizona State University in Phoenix, a John Kelly at Florida Atlantic University in Palm Beach, Florida or a John Fry at Drexel.
In the Keystone state, Amazon's already a big employer

Mark Belko
Pittsburgh Post-Gazette
Feb 2, 2018

Should Pittsburgh or Philadelphia land Amazon’s second headquarters, it would be the capstone — and a big one at that — to the company’s rapid growth in Pennsylvania.

Even without putting a second headquarters here, the Seattle e-commerce giant has built a sizable presence in the Keystone state — one that has increased dramatically since 2013.

Amazon employs more than 10,000 people in Pennsylvania, most of them in warehouses — fulfillment centers in Amazon lingo — that receive and ship products to consumers.
The number of employees has more than doubled over the last five years, from about 4,000 in 2013. And Amazon’s presence stretches all the way from the Steel City to the state’s eastern edge.

It has six fulfillment centers, all of them located in the eastern half of the state; a sortation center in the Pittsburgh’s Fairywood neighborhood that employs more than 500 people; and hubs for Prime Now service here and in Philadelphia.

Amazon also operates a tech hub at the SouthSide Works, where more than 80 engineers are working on the company’s popular Alexa voice technology and machine learning. It is one of more than a dozen regional innovation offices operated by the company in the U.S.

And — in what may be an encouraging note for Pittsburgh’s HQ2 chances — there are indications that Amazon is in the process of expanding that tech hub footprint.

According to a source familiar with the deal, the company is “looking at significant expansion” over the roughly 15,200 square feet it occupies at SouthSide Works. Amazon called the expansion talk “rumors and speculation” and declined further comment.

It did say, however, that it is looking to add close to 20 positions in that office and plans to keep recruiting in the city. Amazon has been advertising for engineering or highly technical jobs related to Pittsburgh on LinkedIn, the majority of them involving Alexa.

**John Boyd, principal of The Boyd Co., a Princeton, N.J.-based site selection consultant, said he wasn’t aware of the possible Pittsburgh expansion but added it didn’t surprise him. “Given that Pittsburgh is in the top 20 [for HQ2], it’s an indicator they are very pleased with the labor market.”**

**Affordable space, right place**

Amazon has invested more than $4 billion in the state since 2011. A spokesman said Pennsylvania is one of the top five states in the country for Amazon investment.

The company estimates that its investments have contributed more than $800 million to the state’s economy between 2011 and 2016, and that they have led to the creation of another 7,000 indirect jobs on top of its own hiring.

“Amazon is becoming one of the largest and most influential private sector employers in the Keystone state,” Mr. Boyd said.

The reason is simple enough — location, location, location. The eastern half of the state, where the Amazon warehouses and the vast majority of the jobs are located, is close to the major population centers of New York, Washington, D.C., and Philadelphia.
That makes counties like York, Lehigh, Northampton, Cumberland, Wayne, and Luzerne — all of which house Amazon fulfillment centers — prime spots for distribution.

Distributors can take advantage of much cheaper rents and lower land costs in Pennsylvania than in New Jersey, where Amazon also has a big warehouse and processing center presence, Mr. Boyd said.

Collecting the incentives

The Keystone State is paying handsomely for Amazon’s presence.

It offered the company with $22.25 million worth of incentives in 2016, contingent on Amazon investing at least $150 million and creating at least 5,000 full-time jobs over three years.

Amazon has yet to request the release of any of that funding, said Michael Gerber, spokesman for the state’s Department of Community and Economic Development.

In 2008, the state gave Amazon $1.3 million for its Luzerne County warehouse. The company invested more than $19 million in the project, retained 484 jobs, and created another 1,962 by 2011, Mr. Gerber said.

Nonetheless, an Economic Policy Institute report issued last week questioned where such incentives are worth the investment.

Based on data for counties in 25 states containing Amazon fulfillment centers, the report concluded the warehouses do not boost overall employment and in some cases might even cause it to drop. The report did find that within two years of opening, a fulfillment center can boost warehouse and storage employment by 30 percent.

The report’s authors speculated that the warehouse and storage jobs created could be offset by job losses in other industries, or that the employment growth generated by Amazon is too small to detect.

“As cities and counties compete to host new Amazon facilities and its new headquarters, policymakers should be cautious about giving away the store,” stated Janelle Jones, one of the authors.

A Lehigh Valley e-commerce hub

But officials in some of the eastern Pennsylvania counties where Amazon has settled are happy with the employment growth they have seen.
With fulfillment centers in Breinigsville near Allentown and in Palmer Township in Northampton County, Amazon is one of that region’s 10 largest employers with about 2,000 workers, said Don Cunningham, president of the Lehigh Valley Economic Development Corp.

“It’s safe to say they are the largest of the e-commerce players in the Lehigh Valley,” he said.

So much so that Amazon has been flying some of its Air Prime Boeing 767 cargo jets in and out of the Lehigh Valley International Airport to haul goods to consumers.

“They’re one piece of what has been an explosive growth of the industrial sector in Lehigh Valley, which has been driven in large part by e-commerce,” Mr. Cunningham said.

Five years ago, the region had about 17,000 warehouse jobs involving various commerce distributors. That has soared to 28,500, he said. He estimated those jobs pay upwards of $15 an hour and provide opportunities for unskilled workers.

The influx of such jobs — not only involving Amazon but other distributors like Walmart — has pushed the unemployment rate for unskilled workers below 4 percent in the Lehigh Valley.

“If it weren’t for people driving in from neighboring counties, we would have a labor shortage,” Mr. Cunningham said.

Amazon also has a big presence in northeastern Pennsylvania, with warehouses in Wayne and Luzerne counties. It is one of several companies with distribution centers in the region. Others include Home Depot, Lowe’s, Walmart, and Chewy.com.

Distributors have flocked to that area because it is within 600 miles of 50 percent of the U.S. population, said John Augustine III, CEO of Penn’s Northeast, the economy development agency for Wayne, Luzerne, Lackawanna, Monroe, and Schuylkill counties.

“It’s one of the fastest growing segments of the workforce. We see that trend continuing as other areas become more congested and more expensive as far as real estate,” Mr. Augustine said.

Amazon has about 3,000 workers in the five-county area, according to Mr. Augustine. The region put in its own bid for the company’s planned second headquarters — or HQ2 — but didn’t make the cut to 20 cities. It is rooting for Pittsburgh or Philadelphia to get the coveted economic development prize, which could bring up to 50,000 jobs and $5 billion in investment over 17 years.
‘They provide jobs’

Not everything has been rosy for Amazon in Pennsylvania.

In 2011, the Allentown Morning Call reported that some workers in the company’s Breinigsville warehouse fainted or were overcome by heat when temperatures inside soared above 100 degrees during the summer.

Amazon arranged to have paramedics parked in ambulances outside to treat workers who became dehydrated or suffered other heat-related issues, according to the newspaper.

In a statement, Amazon said its fulfillment centers are climate controlled and that in 2012 it invested $52 million to retrofit all of its existing centers with air conditioning.

“Safety is a top priority for us, which is why we support people who are not performing to the levels expected with dedicated coaching to help them improve and work with them to find new responsibilities in the fulfillment center to align with their abilities,” it stated.

In Pittsburgh, the Fairywood sortation center was the subject of a 2015 complaint filed with the U.S. Occupational Safety and Health Administration involving workers experiencing headaches because of painting in one area. By the time OSHA inspected the facility, the work had been completed. No action was taken against the company.

On the whole, municipalities in the eastern part of the state have welcomed Amazon’s investment.

In Upper Macungie Township where the Breinigsville warehouse is located, the company employs about 2,700 people and partners with the community on events, said Manager Bob Ibach.

“I definitely would say it’s a positive. They provide jobs. Obviously, with any type of distribution center — and we do have our fair share — traffic is a concern,” he said.

In South Middletown, where Amazon has a fulfillment center totaling more than 800,000 square feet, the company has been a key part of the township’s economy, Manager Cory Adams said.

“Having a facility like that and the reputation Amazon has as an innovative company, we’re more than thrilled to have them here in the community,” he said.
Cincinnati Business Courier

COVER STORY

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CINCINNATI’S MISSING PIECES

AFTER AMAZON ‘HQ2’ SNUB, ECONOMIC DEVELOPMENT LEADERS LOOK TO BOOST TECH TALENT

BY CHRIS WETTERICH AND TOM DEMERPOLIS

One of the region’s strongest growth areas in the past three years has been in technology positions, with the industry being the second-largest source of jobs touted by REDI Cincinnati as it recruits companies to come here, stay or add employees.

But that wasn’t enough for Amazon.com Inc., which told the region’s top economic development agency that Cincinnati does not have the number of tech workers and graduates the firm said it needs to man its second national headquarters, or “HQ2.” It was a primary reason the region did not make Amazon’s 20-city short list. (Similarly sized nearby cities, including Columbus, Indianapolis and Pittsburgh, did make the HQ2 list.)

REDI and other local business, education and elected leaders now are looking to speed up growth in the region’s tech sector, but they do not believe they need a massive overhaul to their current focus from landing employers who specialize in advanced manufacturing, biology-health care, aerospace, food and flavoring, information technology and shared services.

“We were already well on this track,” said REDI CEO Johnna Reeder. “We just need to put our efforts into overdrive.”

‘No. 1 factor was talent’

Reeder had a recent conference call with Amazon officials, whom she declined to name but said were key decision makers. The revitalization of Cincinnati’s urban core, its sense of place and the fact that it was able to present a bid that incorporated multiple states and counties impressed the online retail giant, she said.

But other regions had more tech workers readily available, Amazon told REDI.

“Amazon’s No. 1 factor was talent,” Reeder said. “We’ve got to continue to work on recruiting new talent to this region in the computer science field and retain that talent ... it’s important that we do both.”

The data on Cincinnati’s tech employment and education is mixed.

Overall growth in tech industry jobs here is slower than all but three of the Amazon finalist cities, according to Brookings Institution data.

John Boyd, principal of site selection firm Boyd Co. Inc., called Cincinnati fights above its weight class and tends to be viewed as a first-tier city.
Grading city’s tech strengths
Cincinnati’s exclusion after the first cut in the Amazon sweepstakes should not cause a regional change in strategy to attract the likes of the global online retail giant, said Michael Jones, an economics professor at the University of Cincinnati. “We were never going to get Amazon,” Jones said. “There’s a tendency to see Amazon as sort of the hot girl at the prom. I don’t think the city should be basing its economic development strategy around one company.”

But within the technology space, the region does have strengths. The Brookings Institution’s Metropolitan Policy Program, a nonprofit public policy research group, examined data from the Bureau of Labor Statistics around “mid-tech” jobs, those that do not necessarily require a four-year college degree. They include network architects, support specialists, and systems analysts. Unlike software developers, such careers can require only an associate’s degree or an intensive certification program.

Brookings found that Cincinnati was second among nine major Midwestern cities it looked at when it came to its share of mid-tech jobs, according to the website Quartz. Other cities Brookings looked at included Columbus, St. Louis, Detroit, Nashville, Tenn., Minneapolis-St. Paul, Indianapolis, Kansas City, Mo., Madison, Wis. There were also two others that topped that set of cities in mid-tech job growth, increasing the number of positions an average of 8 percent annually from 2012 to 2016, according to the analysis. “You focus on what you do well,” Jones said.

Regional cooperation a must
The region’s top business officials agree, saying programs that already are in place, such as the chamber’s talent recruitment program, the region’s roundtable of chief information officers, and higher education tech training and degree programs simply need to be scaled up. “Amazon is a unique situation in terms of the sheer numbers that they were looking for in the tech area. The effort requires regional cooperation between universities, workforce organizations, the business community, and nonprofits,” said Gary Lindgren, executive director of the Cincinnati Business Committee and Cincinnati Regional Business Committee, groups that represent the CEOs of the region’s largest and medium-sized companies. “Every city is struggling with the talent gap,” Reeder added. “Filling tomorrow’s jobs is going to be a universal issue.”

At the chamber there were only three to four people working on leadership development in the summer of 2016, and none were truly focused on improving the region’s workforce. Today, Jordan Vogel, vice president of talent initiatives for the chamber, leads a team of 10 people focused on attracting, developing, and connecting talent. “We are paying attention to it and we are doing something about it,” Vogel said. “We need everyone to double and triple down.”

Kevin Kirby, dean of the College of Informatics at Northern Kentucky University, said one of the reasons the college was created nearly 12 years ago was to address the workforce need. Enrollment growth has been nonstop since it launched in 2005. The most popular major at NKU is computer information technology, No. 3 is computer science. Kirby also said the data science major is growing rapidly. In fall 2017, there were 1,224 students enrolled in tech majors in the college. In the past decade, enrollment in NKU’s tech degrees has jumped 170 percent from 483 in 2007. “There’s still a tremendous need,” Kirby said. “There are more positions available than we can graduate students.”

At the University of Cincinnati, the number of students enrolled in undergraduate or associate degree programs in computer engineering, computer science and information science, computer technology, or systems in fall 2017 was 2,014. But the total enrolled in computer engineering and computer science programs—the kind of background Amazon may be looking for at HQ2—was 728.

UC also cited its 1819 Innovation Hub, a $38 million renovation of a former Sears department store at 2900 Reading Road whose goal is to link the university to the region’s business community. UC’s president, Neville Pinto, hired David Adams to run the hub as chief innovation officer. “For us to truly exist in this knowledge economy, we needed to understand the needs of the community and particularly industry,” Adams said. “This connects not only us with the campus but provides industry the opportunity to come onsite to help us help them meet their needs.”

While the Amazon competition has sucked up a lot of civic oxygen in Cincinnati across the county, there are plenty of other expanding companies. Redi has landed commitments to add 3,165 jobs from 50 companies in the information technology area. “We’ll be back with more. Don’t count us out,” Reeder said.

*Bold indicates an Amazon finalist
Note: Columbus made Amazon’s top 20 list but is not in the top 30 U.S. regions for tech growth, Toronto made Amazon’s list but is in Canada.
Source: Brookings Institution analysis of Moody’s Analytics data
Amazon's HQ2 selection process has South Florida busy meeting 'intensive' data requests

Marcia Heroux Pounds - March 1, 2018

Since making the list of 20 finalists for Amazon’s second headquarters, South Florida’s economic development leaders have been busy tackling “intensive” data requests from the e-commerce giant.

At stake for South Florida: 50,000 jobs and $5 billion in investment.

During a panel discussion Thursday before commercial real estate executives in Fort Lauderdale, they remained tight-lipped about Amazon’s selection process but did reveal how Palm Beach,
Broward and Miami-Dade counties continue working together to provide the company information on the region and eight proposed South Florida sites.

“We’re providing an incredible level of detail that is pretty intensive,” said Mike Finney, president and CEO of Beacon Council, Miami-Dade County’s economic development group. “They say they want to make a decision by the end of this year.”

He declined to specify what data Amazon is seeking. However, in its “request for proposal,” Amazon stated it is looking for 100 acres for a development of about 8 million square feet.

“It’s just an incredible undertaking,” said Finney, the newest economic development leader in South Florida, having joined the Miami-Dade group about eight months ago.

Appearing before the local chapter of the National Association of Industrial and Office Parks, known as NAIOP, Finney, along with Palm Beach County’s Kelly Smallridge and Broward’s Bob Swindell, spoke Thursday about their approach to winning corporate relocations — and a bit about Amazon HQ2.

The tri-county region joined forces to submit a bid in October. The economic development leaders said they came together for the bid because they knew they had to pitch regional benefits — abundant and bilingual talent, airports and other transportation, beaches, sports teams and public schools — to be a contender.

In terms of what Amazon is looking for, “the counties alone couldn’t click all of those boxes,” said Swindell, president and CEO of the Greater Fort Lauderdale Alliance. Together, “we can say to Amazon: We can support this project.”

Smallridge, president and CEO of the Business Development Board of Palm Beach County, said because Amazon is looking to add 50,000 jobs, “it made the best sense to put in all the assets of the tri-county area.”

The three counties regularly compete with each other for corporate relocation projects from across the country; this is the first major effort where the agencies came together to make a single bid.

“The nature of our work at the end of the day is that we want projects to come to Miami-Dade County, Kelly wants them to come to Palm Beach, and Bob to Broward. We get that,” said Finney, who wrote the Amazon proposal for the region.

Sites proposed include one in Palm Beach County, two in Broward and five in Miami-Dade, but no specific sites are being disclosed due to Amazon’s demand for confidentiality in the process.
If South Florida wins the bid, there would be challenges in adding 50,000 jobs. “But it’s something that would happen over a long period of time,” Finney said. With support from academic and governmental leaders, “I think we’re perfectly ready to absorb the project,” he said.

South Florida made the list of 20 finalists in January and faces stiff competition from major cities in the United States and Toronto. Some areas are offering big incentives to Amazon, such as Newark, which has included a $7 billion tax-credit incentive in its proposal.

But John Boyd, an independent site selector based in New Jersey, has said that South Florida’s international tie-ins are a strong positive for Amazon choosing the region for its second headquarters.

“I’ve always viewed South Florida as a strong candidate for Amazon HQ2 with one [asset] being the abundance of multilingual skill sets and Miami being the gateway to South and Central America,” he said.
The fight between Georgia Republicans and Delta Air Lines over the NRA could be a disaster for Atlanta's bid for Amazon's HQ2

Bob Bryan - Feb 28, 2018

Amazon CEO Jeff Bezos.

A political tussle between Georgia Republicans and Delta Air Lines has prompted concern among some local business groups that Amazon could overlook the state for its shiny new headquarters.

Republicans in Georgia's legislature blocked a potentially significant tax break for Delta on Monday after the Atlanta-based airline ended a partnership with the National Rifle Association that offered the group's members discounts on some flights.

Lt. Gov. Casey Cagle, who is running for governor this year, called Delta's move an affront to conservatives. And despite Delta's insistence that its move was an attempt to stay out of the partisan fray, Cagle and other Republican lawmakers in the state have said they will block a tax exemption worth about $40 million annually until the airline reverses its decision.
That has prompted some business and civic leaders to worry that Amazon could skip Atlanta when deciding where to place its second headquarters, HQ2. Atlanta was announced as one of the 20 finalists for HQ2 in January, and many analysts believe that it is among the top destinations for Amazon.

Sam Massell, the former Atlanta mayor who is now the head of the Buckhead Coalition business group, told The New York Times that the Delta tangle was "embarrassing" and could cost the city the approximately 50,000 jobs expected to come with HQ2.

"I don't believe in blackmail, and I'm sorry to use such a dirty word, but that's almost what it tastes like," Massell told The Times. "That's terrible. That's not Georgia's image. That's backwoods stuff that doesn't belong at all."

Andrea Young, the executive director of the Georgia branch of the American Civil Liberties Union, said Amazon should "take note" of the Delta fight in the state.

"Politicians should not use taxpayer dollars to impose ideological litmus tests and punish organizations that express views that politicians dislike. Amazon should take note," Young said in a statement.

John Boyd, the principal of The Boyd Company, which advises corporations on site selection, told Business Insider the fight could make firms think twice about the business climate in the state as a whole.

"Cities and states are in a global competition to attract the best talent," Boyd said. "Progressive companies with a 'world view' and that value diversity (especially a company like Amazon) are becoming increasingly sensitive about investing in states where lawmakers are aggressive on divisive social issues. Whether that be North Carolina's bathroom bill - that helped shut down planned expansions by several companies like PayPal and EY a couple of years ago - or potentially in Georgia today."

Lawmakers from Alabama, New York, and Virginia took to social media after the spat erupted to offer their states to Delta as a new home for the airline's headquarters.

Even the Democratic Governors Association piled on.

"With Amazon watching, Georgia Republicans have embarrassed their state over and over again," the DGA's communications director, Jared Leopold, said in a statement. "Instead of creating jobs and growing the economy, Georgia Republicans made the state fodder for late-night jokes and viral news segments. If Republicans are willing to attack their largest employer to impress a few primary voters, why would anyone want to do business in the state?"
Snubbed for Amazon HQ2, Camden sends pitch to Apple

A month into his first term as Camden mayor, Frank Moran said pitching Amazon and Apple on the city’s potential was “the new norm.”

By Roberto Torres, reporter  -  February 20, 2018

Camden, as seen from the Philly waterfront.

When Camden, N.J. was snubbed from the shortlist of cities in the running for Amazon’s sprawling second headquarters, it didn’t let its work go to waste. Camden Mayor Frank Moran, who took the oath of office in January, pennted a letter to Apple CEO Tim Cook – in response to the exec’s announcement that the company would set up a second headquarters – asking him to consider the New Jersey town.
“When we heard they were contemplating a new campus, we wanted to get ahead of the game,” Moran told the Cherry Hill Courier-Post last Tuesday. “We wanted to be the first out of the box.”

The proposal, aside from hyping up Camden’s strategic location and real estate availability, reportedly offered details on the tax incentives available through the Grow NJ program and the Economic Opportunity Act.

Barely a month into his tenure as new Camden mayor, Moran said pitching Amazon and Apple on the city’s potential was “the new norm.”

“The Apple proposal will have the benefit that the local economic development apparatus already went through this with Amazon,” said corporate site selection consultant John Boyd. “Given the region’s skill sets in IT and customer services, coupled with the real estate offerings in Camden, the reach might make sense.

Philly, the consultant said, would likely benefit if Camden were chosen for Apple’s relatively smaller project.

However, these projects don’t develop in a vacuum. U.S. Sen. Chris Coons (D-Del.) hit the nail on the head when he foresaw that Wilmington’s chances were slim for the Amazon bid as a standalone city. Same goes for Camden and Philly: both would have a better shot at success by framing thoughts around the region rather than individual cities.

For now, in Philly, the focus is on sustaining the momentum roused by the Amazon pitch.

“The fact that we’re considered for the second run means we have what it takes to offer a company like Amazon a holistic destination,” Mogulette founder Brigitte Daniel told Technical.ly when the shortlist was published. “We should come together again as city and put forth the best of these examples.”
Amazon Tussles With Seattle as It Seeks a Second Home

Last month four Seattle city councilmembers proposed a new corporate tax that aims to build more affordable housing and expand services for the homeless. In response, Amazon announced this week that it will halt construction on a new building and consider subleasing to others a second building, pending the council's vote on the proposal. Together, the two buildings could have hosted at least 7,000 Amazon employees.

It's the latest sign of a strained relationship between Seattle and Amazon, which employs around 45,000 people in the city. The company announced last year that it will open a second headquarters elsewhere, dubbed HQ2, that could eventually host 50,000 employees.

Amazon, the second most valuable company in the world, netted $3 billion last year. Seattle's proposed "head tax" would impose an approximately $500-per-employee fee on companies with
annual revenue in the city of $20 million or more, costing Amazon about $22.5 million per year based on its 45,000 employees there. That’s less than 1 percent of its annual profit. In 2021, the tax would change from a head tax to a 0.7 percent payroll tax, which the Seattle Times estimates would cost Amazon $39 million a year, or slightly more than 1 percent of last year’s profit, assuming the company employs 50,000 people in Seattle by then.¹

Companies threatening to leave a city, lay off workers, or slow hiring, in response to political decisions is nothing new. But it’s unusual for a company to make such threats over such a relatively small tax increase says Greg LeRoy, the executive director of the corporate accountability group Good Jobs First, which opposes tax breaks for companies.

Halting construction and delaying bringing new employees on imposes costs for Amazon. "I’d be very surprised to see a spreadsheet that indicated a fee that size did anything to change the calculus of whether to locate these specific jobs that were supposed to be there for business reasons," LeRoy says. LeRoy says companies in Amazon's position often get what they want in negotiations with lawmakers.

Amazon confirmed it has postponed plans for the two buildings pending Seattle’s decision on the tax plan, but did not answer other questions.

Amazon’s pushback against Seattle could be a cautionary tale for the 20 finalists wooing HQ2. But corporate location consultant John Boyd says that’s not likely; the cities still in the running have historically been willing to offer companies tax incentives to relocate, Boyd says.

In that environment, Boyd is surprised that Seattle is pursuing the new tax. "The HQ2 announcement should have been a wake-up call," Boyd says. He notes that the competition for jobs is fierce. "We call economic development the new war between states," he says.

Amazon’s move puts Seattle’s city council in a bind. On one hand, voters want a solution to the city's growing homelessness problem. The city's unsheltered population grew by 44 percent over the past two years to 5,500, according to a recent US Department of Housing and Urban Development report. That gives Seattle the third largest homeless population in the country.

But voters also worry that antagonizing Amazon will cost them jobs. Protestors shouted down supporters of the head tax at a town hall meeting following Amazon's announcement Wednesday.

The Seattle Times editorial board argued last month that the city already taxes companies heavily, and is flush from existing taxes, pointing out that the city's budget has grown by 17.4 percent since 2015. The board says the city should be able to address the homelessness problem with its existing revenue.

Seattle Mayor Jenny Durkan has promised to work with Amazon to find a solution. "In the upcoming days, I will be bringing together councilmembers as well business, labor and our
community leaders to work together to see how we might forge common ground in dealing with our challenges while keeping jobs," she said in a statement on Wednesday.

City councilmember Kshama Sawant, meanwhile, remains defiant. On Twitter, she called Amazon's announcement "blatant blackmailing." Protesting construction workers shouted her down at a rally on Thursday.

Whatever deal the city and Amazon may reach, LeRoy says city council should pay close attention to the fine print. But he shouldn’t have to tell Seattle that. Washington state gave Boeing a massive tax break in 2013 to keep airplane production in the region. It has since reduced its Seattle-area workforce by nearly 23 percent.
The Boyd Co., Inc. @TheBoydCompany  Apr 24
Thanks to Jim Lokay for the invite to talk AmazonHQ2 siteselection on his Fox 5 "Final 5" show in Washington, DC tonight.
Amazon to deliver on Seaport jobs

Offers no clues to HQ2 pick

Jordan Graham
Wednesday, May 02, 2018

Amazon’s new Tech Hub in Boston’s Seaport will create 2,000 tech jobs in the city. (Photo: Business Wire)

Amazon is bringing thousands of jobs to Boston, but it isn’t the much-vaunted second headquarters yet.

The Seattle company will add 2,000 jobs in a new office tower in the Seaport — and get $55 million in tax and other incentives from the city and state — but it’s unclear what the decision means for Boston’s chances of landing Amazon’s massive second headquarters.
“Amazon is excited to create 2,000 more jobs in Greater Boston,” said Rohit Prasad, Amazon’s vice president and head scientist of Amazon Alexa, in a statement. “In just a few years, we’ve grown from a handful of software developers and scientists to a team of more than 1,200.”

The new building will be a 17-story office tower on East Service Road near Seaport Boulevard. Amazon will occupy the top 15 floors, a total of 430,000 square feet, when the building is finished in 2021.

Earlier this year, Boston development officials approved a $5 million tax break for the project, specifically tied to a pledge from Amazon to add 2,000 jobs.

The state has also agreed to pay up to $20 million in public infrastructure improvements in connection with the project.

The agreement with the city also included an option for an additional $5 million if Amazon decides to add an additional 2,000 jobs in a nearby building. Amazon declined to comment on whether they would exercise the option.

The company currently employs more than 1,200 software developers and researchers in the Boston area, and has said it will add 900 more at a new Fort Point office expected to be completed later this year.

“It’s great news for Boston that Amazon is expanding its footprint in the Seaport, bringing new jobs and economic opportunities to our city,” Mayor Martin J. Walsh said in a statement.

The expansion comes as speculation continues over where Amazon will put its new $5 billion second headquarters. Boston and Somerville’s bids were selected as finalists for the economic development jackpot, along with Washington, D.C., New York City and 17 others.

Corporate relocation experts were split on how to read the tea leaves. John Boyd of the Boyd Co. said the announcement of a smaller office would make little sense if Amazon was getting ready to bring 50,000 new employees to the area.

“It’s a vote of confidence for Boston, but it does diminish its chances for the HQ2 process,” Boyd said.

But Thomas Stringer of BDO said the new office likely isn’t tied to the HQ2 decision.

“I think it’s separate,” Stringer said. “I certainly think it’s part of the strategy to make these announcements as beneficial to the company, as beneficial to the locations being considered.”
On This Week's Show:

- Is Amazon's HQ2 Coming to Miami?
- Help At Risk Youth Find Summer Jobs
- Update on Vivian Fried and the Summer of Kidney Love


John Boyd, Jr., Principal - The Boyd Company, Inc., Princeton, NJ.

Founded in 1975 The Boyd Company, Inc., is one of the nation's most experienced and trusted corporate site selection firms. Boyd provides independent location counsel to leading Fortune 500 and up-coming corporations worldwide.

Boyd clients include Boeing; Chevron; PepsiCo; UPS; Visa International; Shell; Time, Inc.; GlaxoSmithKline; JP Morgan Chase; Sanofi; Dell and TD Canada Trust. Boyd has been especially active in South Florida over the years - providing site selection counsel to Royal Caribbean, Office Depot, Pratt & Whitney. Amazon is NOT one of his clients.

John and Jim discuss Miami's place in the world economy and its chances to land AmazonHQ2.
The Boyd Co., Inc. @The... · 4/24/18

Thanks to Jim Lokay for the invite to talk #AmazonHQ2 #siteselection on his Fox 5 “Final 5” show in Washington, DC tonight.
Who wants HQ2? Some finalists back away from Amazon's big project

By Mark Williams
May 20, 2018

Amazon CEO Jeff Bezos walks onstage for the launch of the new Amazon Fire Phone, in Seattle. In a milestone announced Tuesday, March 6, 2018, Bezos has become the first person to amass a fortune surpassing $100 billion in Forbes magazine’s annual ranking of the world’s richest moguls.

Amazon's search for a second headquarters is becoming more of a story about which of the 20 finalists really wants the massive project.

Residents of Denver and Austin, Texas, have been lukewarm about the project, and Nashville has acknowledged it already has challenges managing its growth. Last week, Arlington, Texas, said it's no longer a part of a bid by the Dallas region.

"The competition for Amazon HQ2 appears to be turning into a race to exit the race for the economic prize," said K.C. Conway, chief economist for the commercial real-estate group CCIM Institute and director of research at the Alabama Center for Real Estate at the University of
Alabama. "Amazon might want to decide sooner rather than later before the 20 finalists pool shrinks further."

Amazon announced plans last year to build a second headquarters, throwing open the competition to cities across the country. In January, the Seattle-based company picked 20 finalists, including Columbus, out of 238 bids for a project that will come with 50,000 jobs that pay an average of $100,000 and a massive $5 billion investment.

While the project's amazing scope was enough to set off a frenzy of interest nationally, a reverse effect is raising questions now: How does a city absorb such a massive endeavor, and at what cost?

Cities have voiced concerns about the incentives the winning city will have to provide to Amazon and what the project will mean for housing costs, traffic congestion and population growth for the winning city. The cities still being considered have low jobless rates already, meaning it could be difficult for Amazon to find the skilled workers it needs.

"These are all good problems to have," said John Boyd, principal of the Boyd Co., based in Princeton, New Jersey, which provides site-selection services to some of the nation's biggest companies.

Amazon will be leery of any city "that isn't excited to be partnering with Amazon," he said.

Even Amazon's home city of Seattle has gotten into the act with a new $275-per-worker tax on large employers such as Amazon to be used to address homelessness and fund affordable housing projects.

Boyd suspects that some of the 50,000 jobs to be created at HQ2 will include jobs Amazon might move out of Seattle.

A survey of residents of the 20 final cities released in April by Elon University in North Carolina, in partnership with the Business Journals, found the level of support for the project varied.

In Columbus, nearly half of all residents say they "strongly support" the project and 32 percent say they "somewhat support" it. That was the fourth-highest level of support. Support was weakest in Boston, Denver and Los Angeles.

As for Columbus, economic-development officials say they understand there would be challenges should the city win, but the city hasn't had second thoughts about being in the competition.

"Wow, this is big, really important, transformational," said Steve Schoeny, the city's development director. "Because it's transformational, it comes with a lot of challenges."
"We've had a very realistic look at what this could mean from the get-go, about how we can be ready for this kind of growth, whether it comes from Amazon or 80 companies. Regardless, we're going to face some kind of challenges."

Conway believes a decision is coming soon and that Pittsburgh and Columbus remain high on Amazon's list among the finalists, something he has been saying for months.

"Both cities have great universities delivering the desired ... workforce, and both get logistics and technology," he said.

Amazon already has a significant presence here with data centers in New Albany, Dublin and Hilliard, major distribution operations in Obetz and Etna Township in Licking County and a smaller center in Columbus as part of its Prime Now Service.

Last week, the company said it will build another large distribution center in West Jefferson in Madison County that will employ 1,500 workers. The announcement is just the latest of what has been a string of projects worth more than $2 billion that Amazon has developed in Ohio since 2011.

Local development officials say the West Jefferson project isn't a consolation prize for HQ2, but that it continues to show the region's strength as a logistics hub.

Even if Columbus comes up short with HQ2, it still figures to do well with Amazon, Boyd said.

"There's some tangible benefit of forging a relationship with Amazon that could lead to future Amazon projects," he said.
You Want To Know More About Amazon HQ2? Enjoy The Silence

May 21, 2018 Cameron Sperance, Bisnow Boston

Nine months ago, Amazon tucked itself into a cannonball and splashed every city in North America with an unprecedented public challenge: Convince us to build a multibillion-dollar headquarters in your town. There were only a few requirements.

For starters, Amazon would need a metropolitan area of least 1 million people. An international airport was compulsory, as were inroads to a few major universities. Cities were encouraged to provide financial incentives, and the dollar figures bandied about quickly soared into the billions.

The prize: a $5B investment for Amazon’s second headquarters and 50,000 new jobs. The waves from that initial plunge morphed into what is now known as Amazon HQ2 — a trending hashtag, a topic of endless clickbait headlines and fodder for "Saturday Night Live" skits and constant debates at water coolers in and beyond commercial real estate.

The over-the-top proposals that came from cities around the continent rippled into the mainstream to make #AmazonHQ2 a bona fide pop culture moment.

“In my 25 years in real estate, I’ve never experienced anything like this,” said Eric Sussman, a professor of real estate and accounting at UCLA’s Anderson School of Management and a founding partner of real estate investment firm Clear Capital LLC. “I don’t think there ever has been anything like it.”

But for all of the noise that came out of Seattle in the early, chaotic days of the Amazon HQ2 search, Amazon has remained largely silent as cities and observers trip over themselves to guess what the retail giant will do next. And that is probably exactly what Amazon wants. “From a negotiating standpoint, I think the silence is brilliant,” Sussman said. “Let these regions fight it out in a [mixed martial arts] octagon, and we’ll see who are the last few standing.”
Most companies conduct site selections behind closed doors with a select number of invited cities, but Amazon disrupted the practice. The very public launch of HQ2 and open invitation to bid made Amazon, before it retreated to a normal corporate practice of tight-lipped silence, an anomaly — and sparked an all-out incentive war among bidders looking to elbow out the competition.

The HQ2 request for proposals indicates Amazon is after a business-friendly environment with a favorable tax structure, and that has pushed states into a corporate incentive battle royale. One of former New Jersey Gov. Chris Christie’s final acts in office was to approve a plan to give $7B in incentives to Amazon if it decided to put HQ2 in Newark. Maryland lawmakers upped the ante and greenlighted up to $8.5B in incentives to bring Amazon to the Old Line State in Montgomery County. Amazon didn’t even have to bother notifying other bidders when one incentive proposal trumped the other, as the press was quick to run with stories of billion-dollar tax benefits.
trumped the other, as the press was quick to run with stories of billion-dollar tax benefits.

The invitation to compete for HQ2 elicited 238 bids from regions across North America. While the company only advanced 20, many of the bids are public, enabling companies beyond Amazon to know just how much a region is willing to offer a company to set up shop within town lines.

“In terms of how this could affect things going forward, Amazon is getting a lot of information here, and other firms are getting a lot of information here in what cities are willing to put on the table,” said Megan Randall, a research analyst at Urban-Brookings Tax Policy Center. “This is what we call the race to the bottom. Cities lose leverage in this and future situations, and the tax base is compromised.”

The race to the bottom is a standard criticism against public funds going to private investment, and Amazon isn’t necessarily unique in remaining silent to garner a better deal. It happens a lot, as Randall points to General Electric’s headquarters search before it ended up in Boston, Foxconn’s $3B incentive plan to open a manufacturing plant in Wisconsin and Texas' incentives
to win over the likes of Samsung as all in the same vein as Amazon. “When I see Amazon, I don’t
see something that is pursuing some new strategy,” Randall said. “It’s following the template
other firms very much have followed, just in a very public manner.”

In going quiet, Amazon is behaving as any business would, albeit on a grander, 8M SF scale. Hult
International Business School Associate Dean Matt Johnson focuses on behavioral economics and
branding and doesn’t see anything out of the ordinary with the HQ2 bid. Amazon is just using the
media to its advantage.

“In a negotiation, information is at a premium in getting the highest bid, and that will happen
when you have more information than the other party does,” he said. “Amazon doesn’t really
need to release information and show their hand, because there’s a media that will provide this
information for free and has cities looking over each other’s back.”

Navigating HQ2 Traffic
HQ2 has dominated the real estate news cycle since getting announced. Stories of Boston being a favored bid city emerged early in the HQ2 process, including a Bloomberg report that Amazon executives were pushing the idea of a New England HQ2.

Amazon eventually issued a statement refuting the report. One account that Amazon has not rebuffed came from ARLnow, an Arlington, Virginia-based web publication.

The news organization noticed in February a December article about Arlington County winning a sustainable building award was generating a lot of traffic months after publication from what appeared to be an internal Amazon site devoted to its HQ2 search.

Northern Virginia is one of three Washington-area regions on the shortlist, leading many interviewed for this story to believe Washington, D.C., is the Amazon HQ2 front-runner. The traffic revelation fueled national coverage predicting Amazon would eventually pick Arlington for HQ2. While ARLnow reports on HQ2 news as it comes in, it isn’t letting it dictate its editorial calendar.

“When we have covered it, the readership has been high, especially the story about the internal HQ2 traffic coming to our site,” ARLnow founder and CEO Scott Brodbeck said. “But it is hard to cover because you can’t get a thing out of Amazon and they’ve succeeded in scaring local officials from breathing a word — though we have been able to glean some insight from sources on background.”

Amazon’s silence is the normal part of the equation. But it could be dropping hints to finalists to lure out a final round of incentives from the eventual winner.

“I would go so far as to say their strategy has been along to set arbitrary dates for decisions and drag past those to see if people could come along and offer greater concessions and a sweeter deal,” said J. Scott Scheel, CEO of the Commercial Academy, which teaches individuals how to buy real estate.

“I would say that list has been whittled down, but that doesn’t mean a governor or mayor isn’t going to trot out some last-ditch effort that could ultimately turn the decision.”
Disney was in a similar position to Amazon over 50 years ago. Disneyland opened in Anaheim, California, in 1955, and the Disney brand rapidly became a cultural phenomenon. Less than a decade after the West Coast park opened, the company looked for a park with better accessibility than Anaheim and set its eyes on St. Louis.

Plans for a five-story Walt Disney Riverfront Square in downtown St. Louis were drawn up and Walt Disney even met with the Missouri city’s mayor in 1963 to discuss the new theme park.

The plans fizzled.

A dispute between prominent St. Louis resident and Anheuser-Busch beer titan August Busch Jr. and Disney over whether the proposed park would sell beer was rumored to be the plan’s death sentence.

But a Disney historian claimed in 2013 the beer skirmish had been settled and the Midwest Disney park proposal stalled because the St. Louis redevelopment corporation declined to a deal in
which Disney would pay for the rides and attractions while the city would front the cost for the building.

The company’s second theme park went to Orlando and has since had a transformative effect, with other theme park operators opening in the Florida city and even an NBA expansion team, the Magic, added in the late 1980s in reflection of the city’s ties to the House of Mouse.

“There’s an entire universe that has been created around that, including Universal, which is obviously not aligned, but it was because of the infrastructure and skill set developed by that Disney workforce and gave Universal a slight second mover advantage,” Scheel said.

“That’s really an excellent example of what happened to a complete game changer in a marketplace.” Twenty years later and over 1,000 miles away, the high drama of General Motors Corp.’s 1980s search for a site to open a $3.5B Saturn assembly plant reached the point where several U.S. governors went on Phil Donahue’s popular talk show to appeal to the automaker to pick their state.

Representatives from Chicago and the state of Missouri plastered billboards touting their respective regions in Detroit before Tennessee cinched the win. The state of Illinois issued a comic book with its governor illustrated as a superhero fighting off other states in the pursuit of Saturn.

The Nashville suburb of Spring Hill, Tennessee, was chosen as the winner from 1,000 potential sites in 38 states.

Sen. Lamar Alexander, the Tennessee governor at the time of the GM plant search, didn’t even travel to Detroit to visit automaker executives. GM and Tennessee kept the winning bid private, saying it was out of respect for the losing regions.

Although Saturn ceased operations in 2010, the Spring Hill plant has remained a boon for the Volunteer State and still produces other GM cars.
Amazon has concluded visits to all 20 finalist regions, but hasn’t yet whittled the list further or announced a winner. The company’s ongoing silence could be part of a larger strategy — a move in a game of legislative chess or a way to secure business or facilities beyond a second headquarters.

During the Amazon HQ2 search, the company announced a Boston expansion that will bring at least 2,000 jobs to the city’s Seaport neighborhood. The company maintains the office is unrelated to HQ2, though Boston is on the shortlist. Its Amazon Web Services subsidiary is also planning a 600K SF data center in Northern Virginia, also a contender region for HQ2. Finalist Columbus, Ohio, is getting a 1,500-job distribution center.

“Amazon is very successful in leveraging not just incentives but to influence state and federal policy,” corporate site selection firm The Boyd Group principal John Boyd said. “People ask us why they put Los Angeles on the shortlist. California has the largest congressional delegation.
They want to keep a good relationship with those members of Congress and leverage that for beneficial tax policy.”

Amazon’s growth has been due, in part, to favorable tax policy and regulation, and the company certainly does not want to disrupt that, particularly with President Donald Trump routinely lashing out at the company on social media for taking advantage of the United States Postal Service.

Even though many analysts expect HQ2 to wind up on the East Coast, Boyd said ongoing silence from Amazon and the presence of California and Texas cities on the shortlists remains a smart strategy. “In the final phases of making a decision, they don’t want to make any additional enemies or annoy members of the Texas congressional delegation or any other states,” he said.

Amazon announced in June its intention to acquire Austin, Texas-based Whole Foods, and the $13.7B deal closed in August. The HQ2 process has been more drawn out, but Randall said that isn’t surprising for a company doing its due diligence and looking for the best deal it can get for
such a mammoth project. But the prolonged timeline has made the prospect of HQ2 less appealing for one region.

Colorado Gov. John Hickenlooper said in January he wouldn’t cry if Denver lost HQ2 to another city and even said there would be a sense of relief in not having to tackle the planning challenges to accommodate Amazon.

Amazon momentarily halted construction on a 17-story building in Seattle in protest of the city’s proposed business tax to fund help for the homeless. The company campaigned against the measure, and the city responded earlier in May by passing a tax half the rate of what was originally proposed.

Amazon Vice President Drew Herdener said his company was still “very apprehensive about the future” in Seattle.

That could have cities on the shortlist concerned.

“I would assume the current fight in Seattle would lead to the opening of eyes and make people consider, ‘are we getting in bed with the devil?’ and what are the trade-offs,” Sussman said.

But the transformative nature of bringing 50,000 high-paying jobs to a region and the ripple effect they would have to any city’s economy is outweighing any apprehension about the Seattle homeless tax fight.

If anything, Sussman sees cities going back out of fear and paranoia in the final days of the bidding process to find more funds to pitch to Amazon in a last-ditch effort to land HQ2.

“It’s the art of the Bezos deal,” he said with a laugh.
That sound from Seattle? Only silence on progress of Amazon HQ2

Mark Belko - Pittsburgh Post-Gazette
Aug 3, 2018

For HQ2 finalists, the silence coming from Seattle is anything but golden.

As Pittsburgh, Philadelphia and 18 other cities or regions await word on where they stand in the competition for Amazon’s second headquarters, the words coming from the e-commerce king’s Seattle base apparently have been few and far between.

At least that has been the case locally. Other than an occasional question or request, Amazon has been anything but a talker, Allegheny County Executive Rich Fitzgerald said Thursday.
“They’re very tight lipped. They’re keeping things close to the vest,” he said.

Getting the cold shoulder could be a cause for alarm in the high-stakes competition for HQ2, which could bring as many as 50,000 jobs and $5 billion in investment to the winning city.

It could signal that Amazon is not that interested. Except that the other finalists appear to be getting the same brush off, said John Boyd, principal of The Boyd Co., a Princeton, N.J.-based site selection consultant.

“What’s the term, radio silence? They’ve been mum to the universe of candidates since their on-site visits,” he said. “Your scenario is not unique to Pittsburgh. It’s what I’m hearing throughout the universe of candidate cities.”

Amazon has not had much to say publicly about the search for its second headquarters since announcing the 20 finalists in January. Since then, there have been visits to each of the cities, but no indication from the online retailer as to the status of the selection process.

Mr. Fitzgerald said there has been a question here and there or a request for information but little beyond that. Amazon, he said, has not tipped its hand either way as to where Pittsburgh stands in the hunt.

“You’d love to have them call and say, ‘guess what, Pittsburgh is selected.’ But we understand the process, that they would take their time. This is a very, very big decision for the company. They’re not going to rush into anything,” he said.

Local officials, on the other hand, have been doing their best to chat up the city.

They have not been shy about sending Amazon positive news, from the British Airways nonstop to London announced last week to a recent report that ranked Pittsburgh fifth among 50 “momentum markets’ in terms tech job growth. They also boasted about Allegheny County having its highest bond rating since 1983.

The goal, Mr. Fitzgerald said, is to “just kind of keep in front of them as much good news as you can” and to show that Pittsburgh, from employment to government stability and other factors like cost of living, is the perfect fit for HQ2, as the second headquarters is called.

“It’s like any sales pitch a company would make going after an account,” he said.

Mr. Boyd believes Amazon is taking the wrong approach in shrouding the process in secrecy, particularly after launching the highly-publicized search for a second headquarters last fall.

“I think they could do a better job in community relations in dealing with this project, especially because it’s so public. The 24-hour news cycle has embraced this project,” he said.
“It behooves Amazon to do more in reaching out to the communities and in a public way. It doesn’t help their brand if they come off too smug. There’s a whole universe of opposition just on the premise of incentives.”

One way Amazon could be more engaging is by doing another round of site visits, Mr. Boyd said.

Sources close to Amazon on Thursday indicated that all 20 cities are still in the running and that the company continues to talk to them and review data supplied by the communities.

The overheated competition for HQ2 has touched off a bidding war among cities and states. Maryland is dangling $8.5 billion in incentives, the largest of the publicly known offers. New Jersey has promised $7 billion. Pennsylvania is believed to be offering at least $1 billion, although that has not been publicly disclosed.

While state and local officials await word — or even a hint — from Amazon, they have not been exactly forthcoming in discussing what they are offering the company.

Pennsylvania has gone to court to block the release of the incentives it is proposing to Amazon after the state Office of Open Records ruled that they should be disclosed. The city and the county also are fighting in court to prevent the release of the region’s bid, including incentives, after the independent open records office decided it should be public. The Pittsburgh Post-Gazette and other media organizations have been seeking the information.

State and local officials claim that giving up the information would put them at a competitive disadvantage with the other finalists, an argument the open records office has rejected.

Nonetheless, Mr. Fitzgerald sees incentives as only a small factor in Amazon’s final decision. He believes the company is looking more for a city with a business environment where it can thrive and where the cost of living is low.

Amazon has said it will make a decision on HQ2 this year, but has given no definitive timetable. Mr. Boyd predicted it would be near the end of the year after the mid-term elections.
In the absence of facts about Amazon’s HQ2 search, speculation rules

By Tim Logan Globe Staff  August 15, 2018

There has been so little news of late about Amazon’s search for a second headquarters that some observers have taken to seizing on the slightest whiff of a clue about where the e-commerce giant might decide to locate its coveted $8 billion complex.

Take an advertisement the company posted last month seeking candidates for an economic development position in Washington, D.C. The notice sparked a round of news stories suggesting it meant the nation’s capital — already considered a front-runner for the so-called HQ2 — would indeed be chosen as the site of Amazon’s massive expansion project. Never mind that Amazon already has an economic development team — including the executive in charge of the HQ2 search — based in Washington, and may just be adding to its staff.

Or the persistent rumor — most recently given life by a story this month in the New York Times — that the public release of a shorter short list of finalist cities for the project is imminent. It is not, an Amazon spokesman says.

Nearly a year after Amazon launched its search process to great fanfare — and hype — it’s hard to blame people for resorting to speculation. Even those with some degree of involvement in the search process say there is little actual news to report about where the campus, and its promised 50,000 jobs, might be heading.
Since the start, Amazon has said it will make a decision in 2018, and it’s still planning to do so, a spokesman said. But whether the list of finalists will be winnowed any further — or already has been internally — isn’t clear.

“It has just been radio silence,” said John Boyd, a New Jersey-based site selection consultant who has closely followed the search. “And it has been that way in all 20 markets that made the short list.”

In Boston, economic development officials at City Hall and on Beacon Hill say they’ve heard little from Amazon about HQ2 in recent months. The company in March sent a team to tour regional sites — including the Suffolk Downs racetrack in East Boston — and to talk to business and education leaders, but hasn’t said much since.

“We haven’t heard a peep,” said Colleen Arons, a spokeswoman for state economic secretary Jay Ash.

In a sense, the very public search that Amazon began last September has evolved into something closer to a typical corporate relocation process — an under-the-radar campaign, disguised with code words and bound by nondisclosure agreements. People familiar with such matters say Amazon’s team is likely analyzing potential sites and reams of workforce and education data in the 20 markets they chose as finalists.

“They want to get it right, and I think there’s an enormous amount of work being done,” said Boyd. “It’s just all happening behind the scenes.”

Tom Stringer, head of site selection and incentives at the corporate consulting firm BDO, said Amazon has probably kept an internal short list all along, and launched the public search to generate publicity, gather data about new markets, and achieve other corporate goals. He suspects the Washington area — where Amazon named three separate locales as finalists — is the top choice, thanks to its strong workforce and access to lawmakers and regulators. He groups Boston, New York, and maybe Raleigh, N.C., in the next tier of contenders.

“There are only a few places that can really meet all their strategic aims, and they knew what those places were a year ago,” said Stringer, who has worked with major defense contractors and pro sports teams on relocation deals. “At this point, any back and forth is 100 percent about incentives.”

If that’s the case, it’s not clear where Massachusetts might stand. The state legislative session ended with little discussion of an incentive package to woo Amazon — be it tax credits or transportation funding. And existing programs that the state or city could offer without such a bill would likely pale in comparison to the multi-billion dollar deals being dangled by New Jersey, Maryland and Georgia.
From the start, Ash’s office and the Walsh administration have focused Boston’s pitch more on the region’s workforce, universities, and tech economy rather than any subsidies for Amazon. That’s smart, said April Anderson Lamoureaux, a former Massachusetts economic development official who now advises companies on moves.

“It’s not always just financial concerns that drive these decisions,” she said. “What I suspect, in this case, is that workforce is their number-one issue, and they’re analyzing their target employees — where they live, what to pay, their commutes — in all these markets.”

In the meantime, there’s not a lot the people leading the Boston effort can do but wait. They’re keeping lines of communication open with Amazon, a task made easier by the huge expansion the company is planning — separate from HQ2 — in the Seaport District. They’re also available to answer any questions, though city economic development chief John Barros acknowledges there haven’t been many.

“We remain very active in our relationship with Amazon, as they’re an important employer in Boston,” Barros said. “The HQ2 process? That’s in more of a quiet phase.”
The Amazon HQ2 bid has reportedly cost $545K. What will Philly get in exchange?

A Billy Penn report found that videos, marketing blitzes and legal fees add up: PIDC has spent roughly half a million dollars trying to bring Amazon here.

By Roberto Torres / reporter – August 27, 2018

Almost a year after Philly joined the national scuttle to woo Amazon into setting up its $5-billion HQ2, the costs of making Philly’s case have run up a tab.

Philly ads on Seattle buses. (Photo by Chris Beiter)
Between marketing pushes in Seattle, compiling information on Philly sites like the Navy Yard and the Schuylkill Yards redevelopment, and a hype video featuring local leaders, the total cost of getting Philly to the shortlist of 20 cities has risen to $545,000, *Billy Penn* reported Saturday.

The bulk of the sum came from the Philadelphia Industrial Development Corporation, a joint venture between the City of Philadelphia and the Chamber of Commerce.

“95 percent of this total was invested in research, data analysis, and development of assets that have already been used in other efforts and will continue to be of use attracting business and talent to Philadelphia well beyond the Amazon HQ2 process,” PIDC’s vice president of marketing communications Jessica Calter told the outlet.

For site consultant John Boyd, head of Princeton N.J.-based site selection firm The Boyd Company, Philly’s expenses in the effort of luring the $5 billion project here are well worth it.

“It strikes me as a reasonable amount and I believe that it’s money well spent,” said Boyd, whose company has helped companies like AT&T and Boeing chose locations for their corporate hubs.

“Philadelphia deserves credit and the benefit of the doubt: Making the top 20 was a major accomplishment,” said Boyd. “This is the largest project in the history of economic development. Taxpayers should look at that figure as money well spent putting together the strongest case for Philadelphia.”

There’s concern, though, that the deal offered to the Seattle ecommerce behemoth, amid fierce competition between the 20 metro areas selected, might be too sweet. As a handful of local legal battles show, there’s also concerned over secrecy: Philadelphia hasn’t yet revealed specifically what incentives it will offer Amazon if it picks the “Philly Delivers” bid.

The consultant said withholding the details is a “strategic decision” aimed at keeping the trust of Amazon execs.

“There are other reasons, too,” Boyd said. “It could affect negotiations with other companies panning their relocation or expansion.”

For local business leaders like Arcweb Technologies CEO Chris Cera, maybe Philly’s focus should be more on starting a new Amazon here, and providing the tax and legal structure for that to happen. Coded By Kids founder Sylvester Mobley asked to make sure the same collaborative effort behind the bid is replicated in other areas.
Miami region gets B+ as Amazon HQ2 site, according to a report

Three South Florida economic development leaders discuss the possibility of having Amazon's second headquarters here and how the three counties are working together.

Marcia Heroux Pounds, Reporter - Florida Sun Sentinel – August 28, 2018

The Miami metro region gets an overall B+ grade as the site Amazon might choose for its second headquarters, according to a CNBC ranking.

On CNBC-TV’s “Squawk Box” program Tuesday morning, correspondent Scott Cohn said Miami gets an A+ for population, B+ for stability, C+ for talent and B+ for location.

“I Amazon is serious about expanding its presence in Latin America — it already opened a new office in Buenos Aires this year — a Miami headquarters makes perfect sense,” Cohn said. “Few places offer more air travel options, with hundreds of flights each day from Miami, Fort Lauderdale and West Palm Beach. A wealth of colleges and universities feed the talent pool, though STEM workers are in short supply. Florida's economy is relatively strong and stable.

“But high crime and poor health hurt the quality of life,” he added.

The region is among 20 finalists for Amazon HQ2, as it is being called. Economic development agencies in Miami-Dade, Broward and Palm Beach counties worked together on a proposal that includes eight proposed South Florida sites.
Mike Finney, president and CEO of the Miami-Dade Beacon Council who was interviewed Tuesday on CNBC, said the region has one of the “most diverse talent pools you’re going to find any place in the U.S. It is a talent pool that is highly educated. People are coming here from all over the world.”

Cohn said Miami is hoping Amazon founder and CEO Jeff Bezos might also be nostalgic about the area: He was 1982 valedictorian at Miami Palmetto Senior High School.

Although Amazon has not narrowed the list further, CNBC’s research points to Austin and Dallas, Texas; Atlanta, Boston, Denver, Miami, Nashville and Northern Virginia as “strong finishes” after Amazon’s site visits. Austin and Dallas get the highest overall grades: A-.

Amazon has said it plans a final decision before the end of 2018.

The Seattle-based, e-commerce giant has said it is looking for 100 acres for a development of about 8 million square feet. The second headquarters would bring 50,000 jobs and $5 billion in investment to the chosen location.

John Boyd, an independent site selector based in New Jersey, has said that South Florida’s international tie-ins are a strong positive for Amazon choosing the region for its second headquarters.
How Emanuel’s exit may affect Chicago's bid for Amazon's HQ2

Chicago Mayor Rahm Emanuel speaks June 4, 2018, at the grand opening of McDonald's new headquarters in Chicago's Fulton Market district. Emanuel has helped line up a parade of high-profile headquarters moves, but Amazon would be the crowning achievement.

Ryan Ori and Lauren Zumbach, Chicago Tribune – September 4, 2018

Chicago Mayor Rahm Emanuel’s Tuesday announcement that he won’t seek a third term throws a big unknown into the city’s efforts to score Amazon’s second headquarters, which would be the crowning achievement in a line of corporate wins under his leadership.

The city is one of 20 locations in the running for what Amazon has dubbed HQ2, which will bring up to 50,000 high-paying new jobs to the chosen North American location. Amazon has said it will pick a location by year’s end.

Emanuel has been hands-on in trying to woo Amazon to Chicago, touting the city’s growing tech sector, assembling 600 heavy hitters on a committee to support the bid and
even hiring William Shatner to narrate a pitch video because Amazon CEO Jeff Bezos is a “Star Trek” fan.

A spokesman for Amazon could not immediately be reached.

The pending exit of the pro-business mayor creates new questions for other corporations that already have a large presence in the city, and those considering one.

Dennis Donovan, principal at site selection consultant Wadley Donovan Gutshaw Consulting, said Emanuel is known for being an aggressive pitchman. “I don’t know anybody who could do it better,” he said. “He made it known Chicago was open for business.”

Donovan doubted Emanuel’s announcement would give a company like Amazon cold feet. Companies planning major projects like HQ2 are concerned about bigger-picture issues, like whether the city has enough talented workers to fill their ranks. “You can deal with a mayor that’s anti-business. You cannot deal with a subperforming labor market,” he said.

A city’s political leadership is only one factor a company like Amazon would consider in deciding where to build a major project like HQ2, said John H. Boyd, principal of The Boyd Co., a Princeton, N.J.-based corporate site selection consultancy. “Executives are very sophisticated. They understand politics is fluid and there’s no such thing as a mayor for life,” he said.

But having a high-profile “salesman-in-chief” like Emanuel can be very powerful when a city is in the process of courting a major project like HQ2, Boyd said.

Despite headlines about the city’s violent crime and fiscal woes, Emanuel has helped line up a parade of high-profile headquarters moves to the city from Chicago’s suburbs and other locations. Corporate relocations have shifted thousands of jobs downtown, helping fuel a real estate development boom that also has included residential, hotel and retail projects.

The list of companies with new Chicago headquarters includes McDonald’s, Conagra Brands, Kraft Heinz, Motorola Mobility, Archer Daniels Midland, Gogo, Motorola Solutions, Hillshire Brands and Beam Suntory. Other large suburban employers, such as Walgreens and Allstate, have kept their headquarters in place while shifting large numbers of jobs downtown.

Chicago’s technology sector also has expanded, both through the creation of tech incubator 1871 and local startups, as well as big hiring initiatives by behemoths such as Google, Facebook and Salesforce.
Chicago also has added amenities to make doing business in the city more attractive, such as building The 606 elevated trail and the riverwalk. The newly elected mayor will inherit ongoing plans to expand both.

Also along the river, Emanuel led an effort to change land-use policy in a 3.7-mile corridor along the North Branch that previously was reserved mostly for industrial uses.

Emanuel’s successor will inherit a long list of multibillion-dollar projects, such as Sterling Bay’s proposed more than 70-acre Lincoln Yards mixed-use project along Lincoln Park and Bucktown. If approved, Lincoln Yards would bring office, residential and hotel towers, as well as a 20,000-seat soccer stadium and a music and entertainment complex, to properties that previously were home to gritty uses such as the A. Finkl & Sons steel plant.

South of there, broadcast company Tribune Media plans a mixed-use redevelopment of 37 acres, which it is calling the River District.

And south of downtown, outside the former riverfront industrial corridor, developer Related Midwest proposes The 78, a mixed-use project that would bring a series of high-rises to a riverfront site connecting the South Loop and Chinatown. That 62-acre site is near several other ongoing developments, including the long-awaited redevelopment of the old main post office, a redevelopment and expansion of Union Station, and the addition of a new retail and entertainment base to the city’s tallest building, 110-story Willis Tower.

At another long-stalled development site, the former Michael Reese Hospital and adjacent land south of McCormick Place, a team including Farpoint Development and Draper & Kramer proposes a mixed-use project called the Burnham Lakefront.

Chicago's downtown expansion also has included the emergence of the Fulton Market district as an office, residential, hotel and retail market. The area west of the Kennedy Expressway, spurred in part by zoning changes, has experienced a wave of developments. That includes McDonald’s headquarters, which opened earlier this year on the former site of Oprah Winfrey’s Harpo Studios, and Google’s Midwest headquarters in the former Fulton Market Cold Storage building.

Lincoln Yards, the River District, the 78, the Burnham Lakefront and several Fulton Market properties made up the five options Amazon officials toured during a March visit to Chicago.

**In recent years, political leaders have been taking on a bigger role in the site selection process, particularly in larger cities where high-profile mayors like Emanuel or former Newark, N.J., Mayor Cory Booker aggressively advocated for their cities, not only with business-friendly policies but calling executives, participating in prospecting visits and granting CEOs access they’ve come to expect,** Boyd said.
“(Emanuel) was an aggressive, high profile, force of nature,” he said.

“He had a touch and feel for economic development, and the proof is in all the high-profile relocations during his tenure, and the growth of the IT and banking industries,” Boyd said.
Rahm was the city's closer. Now what?

Emanuel's departure comes with several big deals still up for grabs: Amazon, Google and Salesforce—and the O'Hare express train.

John Pletz - Technology and airlines - September 04, 2018

Chicago just lost perhaps the best closer it has ever had, and certainly the best friend the tech community ever had on the Fifth Floor of City Hall.

The reasons for Rahm Emanuel's surprise announcement that he’s not running for re-election will come into focus in due time. But the impact is clear now. With several major deals on the line, there is worry. How much it’s justified remains to be seen.
Emanuel relished being the pitchman for Chicago as much as Richard M. Daley. But after years as a national Democratic fundraiser, Emanuel had access to CEOs across the country, if not around the world—people like Amazon’s Jeff Bezos and Salesforce's Marc Benioff, or Google's Eric Schmidt.

"He understood he had access to the tech community at a level very few people have," says Howard Tullman, a veteran tech entrepreneur and avid watcher of Chicago politics who traveled with Emanuel overseas on recruiting trips. "He used that great advantage.

"The biggest loss (in Emanuel’s decision to leave office) is he had an international reputation. You saw this in Japan, China. People wanted to meet and work with him because of his stature. He had the ability to talk about national and global politics."

That’s why there is plenty of concern around town right now. Chicago is hoping to be a finalist for Amazon's HQ2 project. It’s also in the late stages of negotiating a deal with Salesforce to anchor a new office tower downtown and add up to 5,000 jobs to the 1,000 already here. Ditto for Google.

Will Rahm’s decision not to run change the calculus of any of those deals? Who knows. The city is going to press ahead.

Let’s start with Amazon. "Rahm offers great leadership and is one of the best Chicago elected leaders for tech in the past 30 years. But we have broad business, government and community support for our efforts on Amazon," said Mark Tebbe, who leads ChicagoNEXT, the tech-focused arm of World Business Chicago, the city’s public-private economic-development group.

When word broke a year ago that Amazon was looking for a second headquarters, Emanuel had already been working on Bezos.

John Boyd, a principal with Boyd Co., a location-consulting firm in Princeton, N.J. "Rahm was a superstar mayor who brought the role of economic development into his office,” he said. “He put his personal stamp and star power behind Chicago’s economic-development efforts. But companies can walk and chew gum at the same time, and they realize politics is fluid. There is no mayor or governor for life.”

Amazon said in its HQ2 outline that it plans to build the $5 billion project and staff it with up to 50,000 jobs over 10 to 15 years.

The project that’s most likely at risk is the downtown-to-O'Hare express train. Rahm hit it off with Elon Musk, whose Boring Co. was going to tackle it. Musk has plenty of bigger issues in front of him at Tesla these days. Rahm was the project’s main patron here in Chicago.

Beyond the big out-of-town deals, however, Emanuel was a champion of the Chicago tech
scene, especially startups. While he loved to announce jobs, pushing companies to make commitments that made easy headlines, there’s no mistaking that the mayor was interested in tech companies. He saw they were fastest-growing sector of the economy, especially during the doldrums of the recession when he took office.

The real worry is whether Emanuel’s departure means Chicago will elect a mayor and a City Council who are more in tune with the wave of populism that surfaced four years ago when he ended up in a run-off with Chuy Garcia—a wave that has since gotten stronger. As the economic divide grows wider, Amazon and other tech companies have become targets in Austin, San Francisco and Seattle. Emanuel’s departure may be less worrisome to them than the uncertainty of what lies ahead.

“His strategy as mayor was the city has to grow our way out of this,” Tullman said. “You only do it by growing revenue and opportunity. Tech offers that.”

But for someone who always wanted to be the center of the action, Emanuel was genuinely intrigued by tech companies. After doing a ribbon-cutting a few weeks ago at the new Loop offices of Solstice, a software-development firm, Emanuel hung around for more than a half hour, learning from employees about blockchain, Big Data and other technologies.

For all the talk about his golden contacts directory, Emanuel also loved retail politics. Whenever he toured a company, he’d ask employees two things: where they went to college and where they lived.

Emanuel’s departure comes as a group led by former Commerce Secretary Penny Pritzker and software entrepreneur Chris Gladwin are working on a blueprint for how Chicago can improve its stature as one of the nation’s top tech cities. The effort, which involves more than 200 business leaders, isn’t dependent on City Hall. But it’s hard to imagine a mayor more receptive to whatever ideas they come up with than Emanuel.
Amazon's Headquarters Bake Off Puts It In Corporate Welfare Spotlight

Critics attack the world’s second most valuable company for seeking tax breaks in exchange for jobs.

By Spencer Soper - September 7, 2018

In September 2017, Amazon.com Inc. became America’s most eligible corporate bachelor when it announced plans for a second headquarters. More than 200 cities across North America fell over themselves trying to woo the e-commerce giant and the 50,000 well-paying tech jobs on
offer. The more shameless attempts to win Amazon’s attention included Arizona trucking a cactus to Seattle and a Georgia town offering to rename itself, yes, Amazon.

Exactly one year later, negotiations with 20 finalist cities from New York to Los Angeles have retreated behind closed doors. Instead of public displays of affection, Amazon is fending off barbs sharper than the prickers on that 21-foot saguaro cactus. As the world’s second-most valuable public company weighs the tax breaks and other goodies proffered by eager suitors, it stands accused of being a corporate welfare leech that should be giving the government and its workers more rather than further milking taxpayers to expand. As the world’s wealthiest individual, Chief Executive Officer Jeff Bezos also makes a tempting target.

Jeff Bezos

Vermont Senator Bernie Sanders has accused Amazon of forcing its warehouse workers onto food stamps because it doesn’t pay them enough; he proposed levying a tax on large employers to help fund government assistance (the bill is called Stop Bad Employers by Zeroing Out Subsidies Act—or Stop BEZOS). Meanwhile, increasing numbers of states are reviewing whether companies are honoring their pledges to create jobs and generate economic activity. As the HQ2 bake off drags on in private, Amazon gives its critics more ammunition and time to fire away.

“The Bernie Sanders bill shows how much Amazon's brand has been tarnished by this headquarters search process,” says Greg LeRoy, executive director of Good Jobs First, which monitors government investments in businesses. “The way they launched this public auction was
really ham handed. It was an obvious grab for the maximum tax break, and now they’re under the microscope.”

Amazon declined to comment for this story. In a blog post responding to Sanders, the company said it created 130,000 new jobs last year and that employees receiving food stamps include those who work part-time or only worked at Amazon for brief periods. The company defended its treatment of workers, saying its full-time U.S. warehouse employees earn more than $15 an hour on average, including stock and incentive bonuses. The company also says it has invested more than $100 billion in the U.S. since 2011 and created more than 200,000 full-time jobs with benefits.

*Senator Bernie Sanders*

The Sanders bill is unlikely to go anywhere so long as the Republicans control Congress. But more and more states are taking a closer look at trading tax breaks for jobs. Politicians eager to attract employers to their cities and towns during the Great Recession later discovered that perhaps they had given away too much and received too little in return.

Among the notable boondoggles: “The Buffalo Billions” corruption scandal in New York where money meant for economic development instead allegedly went to allies of Gov. Andrew Cuomo; in 2010 the Rhode Island Economic Development Corp. issued $75 million in bonds as part of a package to lure video game company 38 Studios away from Massachusetts in a deal that went bust and resulted in federal fraud charges.
Such blowups prompted several states to tighten controls, including Pennsylvania, Texas, Colorado, Illinois and Georgia, collectively home to seven Amazon finalist cities. Texas, for instance, withdrew or clawed back more than $30 million in incentives to 16 companies that failed to create the jobs pledged, according to a 2017 legislative report. California, New York, New Jersey and Massachusetts—also among the finalists—are among 22 states that lack robust oversight of government investments in business, but that group is shrinking, according to a 2017 study by The Pew Charitable Trusts.

“Over the past six years, we’ve seen vast improvement,” says Josh Goodman, a researcher at Pew. “Lawmakers are saying we need good information to understand how these programs are working and how they can be improved.”

Amazon is likely to welcome greater scrutiny of the economic splash made by its second headquarters, eager to steer the narrative from corporate welfare to job creation. The company has pledged to invest $5 billion over 18 years and said compensation including benefits would average about $100,000 for the 50,000 jobs expected.

The company has said it will make a decision this year and has otherwise been mum. Atlanta, the Washington, D.C. region, Philadelphia and Austin are among the places considered front-runners by Moody’s Analytics and others that analyzed the finalists based on Amazon’s criteria, which included a large labor force, proximity to an airport and a good education pipeline.

Most offers from the finalist cities remain private, but the scope of the project makes it an inevitable “mega-deal” in the billions of dollars. New Jersey has offered a package worth $7 billion to lure Amazon to Newark. Maryland is dangling $6.5 billion in tax incentives to get Amazon to set up shop in Montgomery County.

Such offers prompt concerns that cities and states could overspend. Amazon has the strongest support in Atlanta, Indianapolis and Pittsburgh, according to a poll conducted in April by Elon University, and the strongest opposition in Denver and Austin.
In the Seattle region, Amazon employs 45,000 people and the company says it has created an additional 53,000 jobs, pushing the city’s unemployment rate below four percent and fueling one of the hottest real estate markets in the country. Yet even in Seattle, the company is under attack and was the primary target of a payroll tax meant to raise money for affordable housing and programs for the city’s growing homeless population. The city council approved and quickly revoked the tax after Amazon threatened to halt hiring in Seattle and shift it elsewhere, highlighting yet another benefit of having a second headquarters.

The city that wins Amazon’s investment—even if it offers billions—will probably get a bigger tax base, climbing wages and property values and better job opportunities, says John Boyd, principal of The Boyd Company, a corporate site selection firm in Princeton, New Jersey.

“This is the largest project in economic development history, and the city that wins Amazon will reap benefits for years,” Boyd says. “The danger Amazon faces is the longer this drags out, the greater the PR risk in this populist climate.“
‘There Is a Danger in This Being Drawn Out.’
Why Experts Say Amazon Needs to Settle on an HQ2 Location Now

By Julia Glum – September 7, 2018

On Sept. 7, 2017, Amazon started a war.

The tech giant announced that it was seeking a spot to build a second headquarters, a $5 billion project that could create up to 50,000 jobs for one lucky North American city. Local governments sprung into action, assembling 238 proposals that offered everything from billion-dollar tax
breaks to a 21-foot cactus in hopes of enticing the company. Protesters mobilized, the list narrowed to 20 locations, and before you could say “free two-day shipping,” months had passed.

But now, a full year after the announcement, there’s still no victor in the HQ2 selection process. With only piecemeal developments to consider, experts can’t say when or how the search for Amazon’s new home will end. They do know that if the company doesn’t make a decision soon — or at least tell people something — there could be consequences.

“There is a danger in this being drawn out much longer,” John Boyd, the principal for New Jersey-based location consulting firm the Boyd Company, tells MONEY. “I’m beginning to hear and sense a backlash.”

HQ2 may be “the largest project in the history of economic development,” as Boyd puts it, but it’s also one of the most top-secret. Though the trillion-dollar company made a big deal out of its September 2017 announcement, it has only put out one news release on HQ2 since then.

The majority of information the public has about HQ2 came in that initial request for bids. In it, Amazon laid out some very basic desired features, saying that it preferred “metropolitan areas with more than 1 million people,” “a stable and business-friendly environment,” “urban or suburban locations with the potential to attract and retain strong technical talent” and “communities that think big and creatively when considering locations and real estate options.”

Based on those qualifications, 238 places applied for consideration. No complete list of applicants exists on the Web — there’s that air of mystery again — but Quartz found that they included Birmingham, Alabama; Sacramento, California; Chihuahua, Mexico; Denver; Orlando, Florida; Louisville, Kentucky; Las Vegas; Raleigh; Puerto Rico; and Montreal, Canada.

Competition was fierce and, naturally, inspired a host of gimmicks. The Georgia town of Stonecrest offered to change its name to “Amazon” if chosen for HQ2. In Kansas City, Mayor Sly James wrote 1,000 five-star Amazon reviews that subtly promoted his bid. Then-New Jersey Gov. Chris Christie approved a $5 billion tax incentive package for the company.

Amazon announced its finalists in January. They were: Atlanta, Austin, Boston, Chicago, Columbus, Dallas, Denver, Indianapolis, Los Angeles, Miami, Montgomery County (M.D.), Nashville, Newark, New York City, Northern Virginia, Philadelphia, Pittsburgh, Raleigh, Toronto, and Washington, D.C.

Since then, there have been no updates. Amazon has vowed to make a decision before the year is over, but Boyd says “there’s been radio silence from Amazon to the 20 finalist cities.”

That also extends to the public.
As the *New York Times* points out, many of the bids were done through private groups that aren’t subject to voter pressure. They’re skirting public records laws, as well: When pressed, Montgomery County gave the *Times* 10 pages of documents with every word redacted.

Amazon has gone so far as to require various officials to sign non-disclosure agreements. In Pittsburgh, it requested to communicate with just one person on the proposal team. HQ2 even has a rumored code name — “Project Golden.”

Boyd tells MONEY he thinks Amazon is taking its time for a reason: It knows HQ2 is a huge endeavor, and it doesn’t want to screw up. But the longer Bezos waits, the riskier the situation becomes.

“Every couple of days or so, I get wild rumors and speculation and gossip from people I’ve done deals with — major developers, major players — that tell me something that turns out to be completely untrue. There’s so much misinformation out there,” Boyd says.

Preserving public goodwill is important for Amazon because of what it’s asking for. Amihai Glazer, an economics professor at the University of California, Irvine, tells MONEY that wherever HQ2 goes, the locals need to support the incentives.

If not, things can go south quickly. He pointed to Disneyland’s recent flap with Anaheim, California, in which the resort asked officials to nix two subsidy programs because they’d caused “an unstable business climate and a difficult working relationship with the city.” There’s also the issue of longevity. The banana company Chiquita relocated to Charlotte, N.C., to pursue $22 million in incentives and moved away three years later, leaving some commissioners annoyed that they’d trusted the process in the first place.

Not to mention, HQ2 has already triggered concerns across the country.

LGBT advocates launched a campaign in February called “No Gay? No Way!” after discovering that nine of the 20 finalists were in states without anti-gay-discrimination laws. Horror stories abound online about the poor working conditions in Amazon warehouses, where some employees have claimed they developed depression and were discouraged from using the bathroom. Sen. Bernie Sanders has repeatedly attacked Bezos in recent weeks for not paying out a fair wage (the company denies it).

Protesters have said they’re also worried about logistics. The sheer presence of extra people, for example, could overload public transportation and exacerbate already existing housing crises.

Boyd says that currently, the 20 locations are hanging in the balance while they wait for Amazon to make a move. Places like Lincoln Yards in Chicago and Suffolk Downs in Boston are both ripe for makeovers and have been offered up as potential HQ2 sites, but progress is on hold.

That could change soon.
If Amazon is not ready to release its final decision, it may put out another shortlist, taking the pool of candidates down to, say, 10, or three. Boyd says that would take care of at least one problem and free those developers “to go full-throttle on their corporate prospecting and marketing activities.”

Glazer, meanwhile, says a shortlist could be strategic for Amazon: “They may want to do it to heighten competition among cities to give them better deals.”

And exactly which places would make the final cut? Everyone seems to have a different prediction.

Glazer did his own statistical analysis based on Amazon’s behavior the first round and determined Boston to be the most probable home for HQ2, followed by Toronto and Dallas. GBH Insights said Atlanta or Raleigh, based on factors like their location on the East Coast, supply of students and economic benefits. Zillow found Atlanta, Northern Virginia or Austin, Texas, were likely; Thinkful reviewed the data and threw its weight behind Washington, D.C.

A year after the announcement, it’s anyone’s guess where HQ2 will go — or even when we’ll find out the winner.

“Is it possible they would move the goalposts and make the announcement in 2019? That wouldn’t surprise me,” Boyd says. “This is a project like no other.”
Amazon's headquarters bake-off puts it in the corporate-welfare spotlight

Published: September 07, 2018

In September 2017, Amazon.com became America's most eligible corporate bachelor when it announced plans for a second headquarters. More than 200 cities across North America fell over themselves trying to woo the e-commerce giant and the 50,000 well-paying tech jobs on offer. The more shameless attempts to win Amazon's attention included Arizona trucking a cactus to Seattle and a Georgia town offering to rename itself, yes, Amazon.
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"The Bernie Sanders bill shows how much Amazon’s brand has been tarnished by this headquarters search process," says Greg LeRoy, executive director of Good Jobs First, which monitors government investments in businesses. "The way they launched this public auction was really ham-handed. It was an obvious grab for the maximum tax break, and now they're under the microscope."

Amazon declined to comment for this story. In a blog post responding to Sanders, the company said it created 130,000 new jobs last year and that employees receiving food stamps include those who work part-time or only worked at Amazon for brief periods. The company defended its treatment of workers, saying its full-time U.S. warehouse employees earn more than $15 an hour on average, including stock and incentive bonuses. The company also says it has invested more than $100 billion in the U.S. since 2011 and created more than 200,000 full-time jobs with benefits.

The Sanders bill is unlikely to go anywhere so long as the Republicans control Congress. But more and more states are taking a closer look at trading tax breaks for jobs. Politicians eager to attract employers to their cities and towns during the Great Recession later discovered that perhaps they had given away too much and received too little in return. Among the notable boondoggles: "The Buffalo Billions" corruption scandal in New York where money meant for economic development instead allegedly went to allies of Gov. Andrew Cuomo. And in 2010, the Rhode Island Economic Development Corp. issued $75 million in bonds as part of a package to lure video game company 38 Studios away from Massachusetts in a deal that went bust and resulted in federal fraud charges.

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failed to create the jobs pledged, according to a 2017 legislative report. California, New York, New Jersey and Massachusetts—also among the Amazon finalists—are among 22 states that lack robust oversight of government investments in business, but that group is shrinking, according to a 2017 study by The Pew Charitable Trusts.

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---Bloomberg News---
Amazon is searching for senior recruiters to be based in Dallas, possibly foreshadowing the location for the e-retailer’s massive second headquarters, which will employ 50,000 people. The Amazon HR Talent Acquisition team will conduct first-round interviews for technical and nontechnical recruiters in Dallas and other U.S. locations in late September, according to this job listing.

The recruiter positions will be based in either Dallas or in Seattle, which is where Amazon (Nasdaq: AMZN) is now headquartered and will continue to be based even after the company builds its “HQ2” elsewhere. Amazon has said its second headquarters will be a “full equal” to Seattle.

The listing for multiple recruiter positions mentions Dallas and makes no specific reference to any of the other 19 metro areas that Amazon is considering for HQ2.
“Please apply for consideration to be based in either the Dallas, TX or Seattle, WA metro areas,” the job listing reads. “The final location of this role will be determined following interviews for those candidates who receive offers to join one of the Talent Acquisition teams.” The listing for recruiters might hint at the location of Amazon’s planned $5 billion HQ2. Wherever the company goes, it’s going to need to hire quickly to ramp up to the 50,000 high-paying jobs it plans to create within 15 years.

Alternatively, the listing for the Dallas and Seattle positions might be unrelated to HQ2. Amazon has multiple fulfillment centers, data centers and other operations in the Dallas-Fort Worth metro, where the company already has about 5,000 employees.

An Amazon spokesman did not immediately respond to an email requesting information about whether the recruiter listings are HQ2-related, and the company has clammed up about the selection process. It has promised an announcement of the HQ2 site by the end of the year, and suspense surrounding the decision is building by the day, if not the hour.

An “RSVP link” for the recruiter positions in Dallas prompts even more intrigue: “We are conducting first round interviews for Experienced Recruiting partners in Dallas, TX on Friday, September 28th,” the link says. “Selected candidates will go through a phone screen, followed by two first round interviews in Dallas, TX and a final round interview in Seattle, WA.”

John Boyd, principal of The Boyd Co. location consultants, said Amazon’s call for Dallas-based recruiters is “clearly a positive indicator.” He added, however, “I wouldn’t look at that and get too excited” about it being connected to HQ2.

“This is about as credible as a number of other indicators that we’ve been hearing about,” said Boyd, whose company is based in Princeton, N.J. “Everyone is trying to read tea leaves. The reality is Amazon has demonstrated radio silence to Dallas officials as well as developers and development groups in all of these 20 finalist cities.”

At the least, the listing is a signal that there will be additional recruiting, whether it’s for fulfillment center workers, IT investments by Amazon, or HQ2, Boyd said.

Sept. 7 marked the first anniversary of Amazon’s HQ2 search. The field of contenders has narrowed to Dallas and Austin in Texas, plus 17 other U.S. cities and Toronto.
Site selector: Amazon’s HQ2 announcement likely to come after midterm elections

Washington Business Journal – September 18, 2018

The 20 finalists for Amazon’s second headquarters should expect an announcement from the company after the midterm elections, a top global site selector said Monday.

John Boyd, principal of The Boyd Co. Inc. location consultants, said it’s increasingly looking like the company’s announcement for the 50,000-job, $5 billion investment will come after the midterm elections if the news doesn’t break elsewhere before it’s officially announced.

“They’re engaged in a number of high-profile lobbying activities and efforts,” said Boyd, whose company is based in Princeton, New Jersey. “So, eliminating L.A. and eliminating California’s 57 members of Congress today rather than two months from now would not be the wisest thing.”

On the health care front, for example, Amazon.com Inc. (NASDAQ: AMZN) wants to begin dispensing drugs and is lobbying to decrease the number of licensed pharmacists that they will be mandated to have employed, Boyd said in an interview with the Dallas Business Journal.
Workers from one NC town about to rejoice as Amazon raises minimum wage

By Lauren K. Ohnesorge – Senior Staff Writer, Triangle Business Journal
October 2, 2018

News that Amazon (Nasdaq: AMZN) is raising its minimum wage to $15 per hour in the U.S. promises to make a big impact in Garner, where the Seattle e-commerce retailer has pledged to bring 1,500-jobs to a new distribution operation near Interstate 40.

That’s because the vast majority of those positions – 1,381 – were slated to make $12.50 per hour. It’s a sum that equates to about $26,000 per year, far less than the Wake County average annual salary of $56,244.

Another 41 Garner employees, records released by Wake County show, were to be paid $14 per hour.
On August 10, officials from across the region gathered in Garner Town Hall for the official reveal of an open secret: Amazon is bringing 1,500 jobs to the old ConAgra site.

More money means more dollars flowing into the local economy, notes Michael Haley, director of Wake County Economic Development.

"Higher wages allow for more discretionary spending," he says.

And emails between officials show Amazon’s low wages were a point of contention during early recruitment discussions. In the county’s letter of support for the project, County Manager David Ellis noted that, for a company to even be eligible for a Wake County Business Investment Grant, firms must “pay at least the county’s average wage.”

“Because the projected wages for [Amazon] fall below the average wage, the project is not eligible for a traditional grant from Wake County,” he wrote.

The higher wage likely wouldn’t have impacted those negotiations as, at $15 an hour, employees will make $31,200 a year – still below the county average.

But it could have an impact on other employers.
"I think this is a big deal because of the prominence of Amazon," says Mike Walden, economist and professor at N.C. State University. "Other firms will have to follow to compete."

And John Boyd, a site selection consultant with New Jersey-based The Boyd Company, says Amazon’s new wage commitment could also “have serious implications on HQ2.”

“It’s another example of the company being influenced by this idea of social impact,” Boyd says. "Based upon everything I’m hearing, I think this could be a precursor to a more socially-motivated HQ2 decision."

And that could mean an ethnically diverse, poorer area as the pick. While New Jersey would be the most “obvious statement,” he says, cities like Raleigh should recognize Amazon’s socially-conscious thought process and examine impact opportunities.

“I think there’s an abundance of examples for Amazon to leverage that in Raleigh, just as in the rest of these 20 cities," he says, noting that Amazon faces numerous political challenges as it grows. “A social impact decision would create goodwill among lawmakers and the public."

As for Amazon, its new minimum wage kicks in Nov. 1. The company employs 250,000 in the U.S. alone, but expects to hire at least 100,000 more just for the holiday season.

“We listened to our critics, thought hard about what we wanted to do, and decided we want to lead," Amazon CEO Jeff Bezos stated about the move. “We’re excited about this change and encourage our competitors and other large employers to join us."

The company has already broken ground on its Garner facility, to be located at the old ConAgra Slim Jim plant on Jones Sausage Road.
Amazon HQ2 Could Boost Retailer's Reputation and Social Impact for Less-Affluent Regions

Newark, New Jersey; Philadelphia and Miami Would Get Immediate Economic Boost, Study Finds

Amazon donated 25,000 square feet of restaurant space on its South Lake Union campus to FareStart, a nonprofit that provides meals as part of a work training program for the homeless.

Amazon, the online retailer under European Union investigation for alleged anti-competitive actions and criticized by U.S. labor unions for its workplace practices, could improve its reputation by choosing a less-affluent city such as Newark, New Jersey; Philadelphia or Miami to build its second headquarters, according to a study.

Amazon ranked No. 55 among the best and "most just" publicly traded U.S. businesses in an analysis compiled by the nonprofit Just Capital Foundation, which surveyed nearly 900 of the nation’s largest publicly traded companies. The analysis came before Amazon announced on Tuesday that it plans to raise its minimum wage to $15 for all full-time, part-time, temporary and seasonal employees across the country effective Nov. 1.

John Boyd, principal of site selection consultancy Boyd Cos., concluded in a study that built on the Just Capital analysis that Amazon's "most just" ranking in that Just Capital survey would leap to No. 9 if it chooses Newark for its second headquarters.

"What is really throwing gasoline on this fire is the enormous amount of backlash the company is dealing with," said Boyd. He points to Amazon facing the EU inquiry for its alleged practice of using data from companies that sell on its site to compete with those same businesses. It has endured criticism from unions for allegations of unrealistic worker performance goals, surveillance of some employees and reduced break times. It has been criticized for taking more than a year to choose its second headquarters site and demanding too much data from cities seeking to land the project.

"This is kind of the last piece in the puzzle for Amazon dragging this out for so long," Boyd said.

Amazon announced its search for a second headquarters location in September 2017, and it narrowed the original 238 applicants to a shortlist of 20 in January. Amazon has said it plans to invest $5 billion in the winning city and to create 50,000 jobs paying an average of $100,000 annually. It has said it will make its decision by the end of the year.

Amazon did not immediately respond to requests for comment.

The Just Capital survey ranked companies on seven criteria, including treatment of workers and customers, environmental sustainability and ethical and diverse leadership.

It praised Amazon for creating jobs, ranking it No. 1 for job creation among all American companies. Amazon increased its U.S. headcount by 500 percent in the past five years. It also noted that the company offers employees flexible working hours and pays women at the company 99.9 cents for every dollar that men earn. That's better than the 80 cents paid to women for every dollar their male colleagues receive in America, according to other surveys.
CONTINUED: Amazon HQ2 Could Boost Retailer’s Reputation and Social Impact for Less-Affluent Regions

In the study, Amazon ranked No. 711 for paying its "fair share" of taxes. It notes Amazon’s average U.S. tax rate is only 15 percent, much lower than the average corporate tax paid, even though corporations often find deductions to pay less than the required amounts.

However, it also cited the criticism over the company’s taxes in Europe, where it was fined $294 million for "illegal tax benefits" between 2006 and 2014. Amazon ranked low for both its treatment of its customers, at No. 646, and lack of transparency among management and shareholders, at No. 770.

Amazon, the world’s largest online retailer that has reached the $1 trillion mark in stock market value, was once criticized for its lack of philanthropy, but has taken several steps to rectify that in the past several years.

It recently pledged $10 million to Code.org, a nonprofit working to expand access to computer science in schools, especially for women and under-represented minorities. It also recently announced 70 grants to nonprofit groups across the country through its Amazon Literary Partnership program.

In its Seattle hometown, the company donated 25,000 square feet of space to open five restaurants on its South Lake Union campus run by FareStart, a nonprofit that operates a job-training program for the homeless and disadvantaged. It also pledged to open a new, 200-bed facility for the homeless in a new building set to open in 2020.

Boyd, whose company doesn’t work with Amazon, said even though Amazon has made strides, it’s still viewed as a company more concerned with profit than people. Even if it chooses a more affluent region -- such as Northern Virginia or Montgomery County, Maryland -- Amazon will "make a big deal" about its social philanthropy, he said.

He said Amazon could make a real impact in Newark, where the median household income is just more than $33,000. The state of New Jersey has approved $7 billion in incentives to lure the company, the second-most of any region with publicly disclosed bids, behind the state of Maryland’s $8.5 billion package.

Amazon would hold outsized influence in a place like Philadelphia, where median income is slightly more than $41,000, Boyd said. The median income in the United States last year was about $59,000, according to U.S. Census figures.

"I’m not saying a decision (on its second headquarters) will be predicated based just on social impact," Boyd said. "But it’s clearly something Amazon is thinking about, and how they will incorporate some of these ideas into whatever city is chosen."
Exclusive: Amazon officials came to Miami recently for HQ2 site search, sources say

By Brian Bandell – Senior Reporter, South Florida Business Journal
October 5, 2018

Officials from Amazon.com were in Miami within the past 30 days to scout the area for its massive second headquarters (HQ2), according to three sources with direct knowledge of their visit.

One of the sources, who works in the financial industry, said Miami is among a handful of cities left in the running for HQ2. The Seattle-based e-commerce giant (Nasdaq: AMZN) narrowed the list to 20 HQ2 finalists in January.

News of Amazon’s recent visit to Miami is especially noteworthy. According to the Puget Sound Business Journal, a sister publication that covers the company extensively, Amazon finished its site visits for HQ2 in May. Little news has come out about follow-up visits, it reported.

Amazon officials did not immediately respond to a request for comment. The company previously said HQ2 would be a $5 billion investment with 50,000 employees over the long term.

While Amazon CEO Jeff Bezos went to Palmetto Senior High School in Miami, the city is considered by many experts as an underdog in the battle to land HQ2. South Florida does not have the large technology workforce or top-rated universities that some other finalists, such as Boston and the Washington, D.C., area, have.

However, Miami-Dade County Mayor Carlos A. Gimenez, in recent appearances on national media outlets, has touted the area as a great fit for HQ2 because of its busy airports and seaports, diversity, strength in international business, and transportation network. Another plus: Florida has no personal income tax, unlike most of the other competing state
One of the confidential sources who said Amazon officials visited Miami in the last 30 days said the company has taken a close look at the Park West/Overtown neighborhood on the north side of downtown Miami. As the Business Journal has previously reported, part of the Miami-Dade Beacon Council’s pitch for HQ2 suggested as a possible locations the Miami Worldcenter project and the neighboring Miami Innovation District site. Houston-based Hines already has approval for a nearly 600,000-square-foot office building at Miami Worldcenter that would be large enough to host HQ2’s first phase. There’s additional land at Miami Worldcenter and in the Miami Innovation District for future phases.

In addition, the Miami-Dade County Public Schools headquarters site, at 1500 Biscayne Blvd., could eventually be freed up for redevelopment after a new building for the school system is developed a few blocks away. That could provide additional land for a company like Amazon to grow.

All of those locations are in a Miami community redevelopment agency (CRA) district. Miami Commissioner Ken Russell, chairman of the Omni CRA, noted that it used tax increment financing to help fund Crescent Heights’ project to build a new headquarters for Miami-Dade County Public Schools, plus apartments. The same TIF program, where future property tax collections are used to incentivize developers, could be offered to Amazon, should it choose the CRA district for a major jobs project, Russell said. This would likely require the lifespan of the CRA to be expanded in order to maximize the amount of the TIF incentives, he added.
Miami would be among the best cities for Amazon's HQ2, said John Boyd Jr., principal of the Boyd Co., a Princeton, New Jersey-based business location consulting firm.

Miami may not have the reputation of being an established tech hub, like some other finalists, but it’s a desirable place to live. However, there’s a lack of available tech workers in most cities because of the low jobless rate, he said. No matter where Amazon puts HQ2, it would have to work with local universities to increase its pipeline for thousands of new tech workers, he added.

“South Florida could accommodate HQ2 from a talent perspective; there’s no question about that,” Boyd said. “The South Florida workforce is rich in health care, multimedia and IT skill sets, which are areas Amazon is keenly focused on.”

The city’s strong ties to Latin America, Canada, Europe and other international markets would be a significant advantage for Miami, should Amazon want to expand internationally, Boyd added.

Some politicians have criticized the technology industry for its lack of a diverse workforce and Amazon, specifically, for paying wages that are too low, which could work in Miami's favor due to its diversity. (The online retailer recently boosted its minimum wage to $15 an hour.)
Even if Amazon doesn't ultimately pick Miami for HQ2, the city could still land a piece of the massive company. As reported by the Puget Sound Business Journal, some cities that weren't selected as HQ2 finalists have already benefited from additional fulfillment jobs. Others could end up securing Amazon facilities or noteworthy hubs.

And while South Florida economic development leaders are still optimistic about Amazon choosing Miami for HQ2, the many positives that landed Miami on its shortlist could make it ideal for a hub, especially an international one.
Thousands of Amazon Workers in NJ to Benefit from New $15 Minimum Wage

John Reitmeyer | October 3, 2018

Online retailer will apply increase from November 1. Decision draws out supporters of statewide wage increase, Gov. Phil Murphy included

With Amazon’s announcement that it will increase the minimum wage of its workers to $15 an hour, one of New Jersey’s largest employers has moved ahead of efforts in Trenton to significantly boost the statewide minimum wage.

Amazon said it would make the increase across the U.S. on November 1 and will directly impact the pay of 16,000 workers in the state. Nationwide, Amazon has an estimated 250,000 workers, plus another 100,000 seasonal hires. According to the company, the wage increase will translate into raises for all its hourly fulfillment-center and customer-service employees, including those already making more than $15 an hour. It could also encourage competitors to lift the wages they pay their own employees in the state’s surging warehouse and distribution sector.

Amazon’s wage announcement could be a sign that social activism is playing a large role in its business decisions. With Newark among the finalists in the company’s search for a location for its new corporate headquarters, that in turn could boost Newark’s prospects. The announcement also energized those calling for the establishment of a statewide $15 minimum wage in New Jersey, including Gov. Phil Murphy.

“Let’s act now to #RaisetheWage to $15/hour, helping over one million New Jerseyans,” Murphy said in a social-media post.

According to Amazon’s latest figures, the company has 12 warehouse facilities across the state for sorting and shipping products, with the latest openings recently in Edison and West...
Deptford. Its total of 16,000 workers in New Jersey places Amazon in the state’s top five largest employers.

**Bezos said Amazon listened to critics**

But as the company has grown in New Jersey and elsewhere, Amazon has faced criticism for not paying all its workers livable wages, even as corporate profits are surging and its founder and chief executive officer Jeff Bezos has become the richest person in the world. Among the company’s chief critics has been U.S. Sen. Bernie Sanders (I-VT), a former presidential candidate and leading proponent of a $15 minimum wage.

Bezos, in a statement issued yesterday along with the wage announcement, said Amazon listened to its critics and then decided “we want to lead.”

“We’re excited about this change and encourage our competitors and other large employers to join us,” Bezos said.

The current federal minimum wage is $7.25 but in New Jersey the hourly floor is set at $8.60. That rate is likely to be increased only slightly at the beginning of 2019 under inflationary-adjustment language that is written into the state constitution.

The latest research released by New Jersey Policy Perspective, a progressive think tank based in Trenton, indicates some 1 million New Jersey residents would benefit from a $15 minimum wage, and nearly $4 billion would be pumped into the state economy by the workers whose hourly pay would be increased. The group held a news conference in Trenton yesterday to call on Murphy and lawmakers to live up to their repeated promises to enact a $15 minimum wage in the state.

**Sticking points for statewide wage increase**

Under the latest discussions in the State House, there seems to be wide agreement for a wage increase to be phased in over several years. But possible carveouts, including for small-business employees and workers under a certain age, remain key sticking points as a minimum-wage bill has yet to be introduced. There’s also some growing concern that waiting too long to start the phase-in schedule could erode the full value of the $15 minimum wage thanks to rising inflation.
“This should be something that happens very, very soon,” said Brandon McCoy, NJPP’s director of government and external affairs. “Honestly it should have happened already.”

The New Jersey Working Families organization, one of the leading proponents of a $15 minimum wage, said that in the wake of Amazon’s decision New Jersey is now in danger of “falling behind.”

“If Amazon can raise the wage, so can New Jersey,” said Analilia Mejia, the group’s executive director. “Legislators should move immediately to pass a $15 minimum wage that leaves no one behind.”

**Amazon to join campaign for higher federal minimum**

In their announcement yesterday, Amazon officials said they are not only taking their own steps to increase wages, but they will be encouraging other companies to do so as well. They also said they will be joining the effort to get Congress to lift the current federal minimum wage.

“We intend to advocate for a minimum wage increase that will have a profound impact on the lives of tens of millions of people and families across this country,” said Jay Carney, Amazon’s senior vice president of global corporate affairs.

Those comments suggest Amazon is factoring social impact into its overall decision-making process, something that could boost the outlook for Newark in the search for the company’s next headquarters, which it has dubbed “HQ2.”

Newark certainly is not considered a shoo-in compared to other high-profile HQ2 finalists. Research released by Princeton’s The Boyd Company, a corporate-relocation firm, found the city has the highest unemployment and poverty rates among those left in the HQ2 sweepstakes. “A thumbs up for Newark would clearly give Amazon a huge social-standing boost, not to mention have a transformative impact on New Jersey’s largest urban center.” Boyd said.
This week in Amazon-o-mania: Should Amazon HQ2 go to a city that really needs it?

Maria Halkias, Retail Writer  - October 6, 2018

To be fair to economic development efforts, the business of selling a place is more than offers of tax incentives. Still, that expensive piece of it has surfaced as a tension point in the Amazon HQ2 quest week after week.

Amazon's search for a second headquarters with its promise to spend $5 billion and add 50,000 high-paying jobs will be decided this year. A professor who studies incentives just published a column in Business Insider warning Amazon that making its decision based on tax breaks is a bad idea.

**Beware of gifts:** Secret tax incentives leave open the possibility that future mayors and city councils will reverse agreements or impose indirect taxes on a new headquarters, said Amihai Glazer, an economics professor at the University of California, where he directs the Program in Corporate Welfare. Incentives may keep Amazon from picking "the city where it would best thrive," he said. Local leaders are desperate for wins and may be making some "serious mistakes in running the city" generally.

**Give where needed:** Here's a different spin from New Jersey, which has offered $7 billion in incentives if Amazon HQ2 settles in Newark. Picking Newark would dramatically improve Amazon's social responsibility quotient, the North Jersey Record reported. There's even a ranking for corporate citizenship published by a group called Just Capital, which the newspaper quoted. Amazon would be doing good, the group said, in a place where the poverty rate is 29 percent and median income is about $33,000.

**Same boat:** Dallas and Austin are among Amazon's 20 finalist cities, and Dallas can make the social impact case, too, said John Boyd, a site selection consultant based in Princeton, N.J. He compared Dallas, for example, to the perceived HQ2 front-runners of suburban Washington, D.C., Montgomery County, Maryland, and Northern Virginia. Dallas has a median household income of $45,893, which is roughly half those counties, he said. Likewise with the poverty rate comparisons.
Members of Amazon's HQ2 selection team reportedly visited Miami and Chicago recently, but officials in Dallas aren’t saying whether the Seattle-based e-commerce giant has returned to the region after its initial visit.
A spokesman for the Dallas Regional Chamber, which is spearheading the North Texas push for HQ2, declined to comment Tuesday on whether Amazon’s (Nasdaq: AMZN) selection team had returned to the Dallas-Fort Worth area since its initial trip in February. Dallas Mayor Mike Rawlings also declined comment, and Amazon did not immediately respond to a request for comment.

Amazon representatives have visited all 20 cities on the short list at least once. In addition to Dallas, the cities are Austin, Atlanta, Boston, Chicago, Columbus, Denver, Indianapolis, Los Angeles, Montgomery County in Maryland, Miami, Nashville, New York City, Newark, Philadelphia, Pittsburgh, Raleigh, Northern Virginia, Toronto and Washington, D.C.

The South Florida Business Journal, a sister publication to the Dallas Business Journal, reported that Amazon made a return visit to Miami within the past 30 days, and The Chicago Tribune reported that Amazon representatives in August visited a 62-acre development in the city’s South Loop neighborhood.

The reports of a second visit are reigniting speculation about the status of Amazon’s search.

Dallas seemed to be an early frontrunner for HQ2, but more recently has been cast as an underdog in many national reports and studies.

More recent reports have zeroed in on the Washington, D.C. area as the likely winner of HQ2. Those experts cited that region’s large and diverse tech workforce, its abundance of quality universities, and its proximity to lawmakers and federal agencies that could play a major role in Amazon’s future expansion.

Dallas fares relatively well in a comparison of costs of operating Amazon's second headquarters in 20 finalist cities, according to a recent analysis prepared by a global site selection firm.

The Boyd Co., a New Jersey-based location consultancy, compared the costs of payroll and benefits, electricity, amortization, property and sales tax for an “Amazon HQ2-like” corporate headquarters with 50,000 employees and 8 million square feet of Class A office space. Startup and relocation costs were not considered.

Dallas ranked seventh cheapest among the 20 Amazon HQ2 finalists, with a total annual operating cost of slightly over $7.1 billion. Miami ranked slightly lower at $7 billion, and Chicago ranked higher at $7.7 billion.

Based on operating costs and a variety of factors, John Boyd, principal of The Boyd Co, said he thinks Dallas is a top five contender for HQ2.

"I think Atlanta, Dallas (and) the three markets in the D.C. region are strong," he said. "And I think Miami is a strong outlier. And also Newark (New Jersey). Newark can’t be dismissed."
But Tom Stringer, who heads site selection for the international consulting firm BDO, said he doesn’t expect Amazon to choose Dallas for HQ2.

“I think other cities fit Amazon’s strategic needs as espoused in the (request for proposals) better than DFW does,” Stringer said.

In 2017, Amazon announced it was seeking a second North American headquarters which, once built out, will employ up to 50,000 high tech workers and entail $5 billion in investment. This set off a race among big cities eager to house the world’s most valuable company and its highly paid employees.

In January of this year, Amazon narrowed its choices down to 20 metropolitan areas in North America after receiving 238 proposals from communities across the continent.

Amazon said it will announce the host of its second headquarters before the end of the year.
Newark still has a shot at winning Amazon headquarters, experts say

Joan Verdon, North Jersey Record, Oct. 17, 2018

Amazon cut the list of cities it is considering for its second headquarters to 20, including long shot Newark, but D.C. area seems to have edge. North Jersey Record

The odds makers are betting against Newark in the final round of the 20-city contest to win Amazon's new, second headquarters. But business experts and Newark boosters who've liked the city's chances since the beginning believe Brick City still has a shot at taking home the Amazon prize.

The same assets that landed Newark on the finalist list — its proximity to Manhattan, at a lower cost; its location in a transportation hub, with an international airport, a major port, trains,
subways, and highways nearby; its advanced fiber optic network; and colleges in New York and New Jersey that can supply a ready talent pool — are still in place, along with a new consideration that one expert believes will work in the city's favor.

The Newark proposal to Amazon lists a number of downtown buildings with space available for immediate occupancy, including 33 Washington St. Kevin R. Wexler/NorthJersey.com

**Betting on D.C.**

With Amazon promising to announce its decision by the end of this year, the Washington D.C. metro area, including Northern Virginia and suburban Maryland, is the current favorite bet among Amazon watchers and Las Vegas bookies to land the new headquarters. Two other contenders, Chicago and Miami, reportedly have been given a second look by Amazon's headquarters search team, fueling speculation that one of them could be the winning city.

But Newark's underdog status could work to its advantage.

"There's a lot of new momentum working in Newark's favor and it has to do with this idea of social impact," said John Boyd, Jr., a principal in The Boyd Company, Inc, a Princeton-based corporate site selection consulting firm.
Research firm Just Capital, in a report last week, noted that picking Newark would boost Amazon's social responsibility ranking — something the e-commerce giant will weigh heavily in making its choice, Boyd said.

Investing in society

"Two out of three institutional investors prefer to invest in stocks that have a positive and a strong social justice ranking," Boyd said.

This strip of land along the Passaic River in Newark, near the intersection of McCarter Highway and Centre Place, could be a future home of Amazon's new headquarters. Kevin R. Wexler/NorthJersey.com

"I think the likelihood of a Newark decision is much greater today than it was a year ago," he said.

"Do I still like Newark's chances? I absolutely do," said Paula Rosenblum, managing partner of RSR Research, a retail consulting firm, and a leading expert on retail technology. Rosenblum predicted back in October 2017 Newark had a shot — when there were still 238 cities in the running and three months before Amazon narrowed the field to the 20 finalists.
Newark is home to three universities, including New Jersey Institute of Technology, shown here, and three colleges, with 60,000 students, faculty and staff. It also can draw talent from universities in New York City and the region. Kevin R. Wexler/NorthJersey.com

Rosenblum doesn't think the social responsibility argument will be a deciding factor. The more important factors, she said, will be how much money in tax incentives that New Jersey and Newark promise to Amazon, as well as the airport and transportation options and the talent pool.

Amazon is keeping a tight cone of silence over its headquarters deliberations, other than to say it will be decided by the end of 2018.

Newark has pledged to bring 50,000 jobs, and at least $5 billion in capital spending and investment to the winning city. Newark and New Jersey have offered $7 billion in tax breaks to entice Amazon.

Las Vegas bookies, tech analysts, and location rankings sites currently favor the Washington, D.C. metropolitan area to win the headquarters site.

The D.C. metro area lands on a lot of "most likely to get Amazon" lists because Amazon founder Jeff Bezos, who owns the Washington Post, has a home in Washington. It also would give Amazon
a base of operations near U.S. lawmakers and lobbyists, and near the Pentagon. Amazon is among the tech firms bidding on a multi-billion contract for the Department of Defense's cloud computing and data storage needs.

South American asset

Miami could win if Amazon decides its top priority is easy access to Latin America, Boyd and Rosenblum said. "It’s the gateway to South America," Rosenblum said. Florida also has an advantage, she said, because of the state’s corporate tax policies.

Amazon has been expanding delivery options in South America and recently launched a pilot logistics project in Brazil.

The Gateway office complex near Newark Penn Station is another proposed site for Amazon offices. Kevin R. Wexler/NorthJersey.com

On the other hand, a headquarters in Newark would put Amazon close to the financial and media center of the country, and also give it an East Coast base with quicker access to European markets.
Some of the headquarters predictions may be overlooking Newark because they don't calculate in the advantages of being so close to New York City, said Aisha Glover, president and chief executive of the Newark Community Economic Development Corporation.

"They put Newark in a bit of a bubble, rather than looking at us as part of the New York City metropolitan area," she said.

Being in the New York metro area, Boyd said, means access to skilled workers across a variety of fields.

"Amazon is expanding beyond traditional e-commerce into industries like multi-media and health care, and the food and beverage industry," Boyd said. "Few labor markets in North America have the type of skill sets in those industries that Newark, New Jersey has today."

*The New Jersey Performing Arts Center is one of the cultural attractions that have boosted Newark's reputation.*
The Five D's

Newark, in its proposal to Amazon, summoned up what it had to offer by listing its five biggest advantages, all beginning with D: Data infrastructure - faster internet speeds and more bandwidth than the other contenders; Destination - roads, rails, airports and a major port, and easy access to New York City and all of the East Coast; Diversity - large African American and Hispanic populations; and Development opportunities - land available with riverfront and park views.

But most of their bid was pinned to the fifth D - Destiny.

"Newark provides Amazon with an opportunity to take a leading role in the ongoing renaissance of a great American city," its proposal stated.

Boyd thinks that argument could be the deal-maker.

"The social impact narrative is one that publicly traded companies are increasingly paying attention to," he said. "Newark's brand has never been stronger."

Win or lose, Newark will come out a winner from making it to the final 20 list, Boyd said.

"In recent months in particular we've never seen more focus, more interest, in Newark," he said. "And we're going to see that continue now."
Commentary Amazon HQ2: There’s a new, 'social impact' driver

By John Boyd - Published October 23 2018

Beaverton, Oregon-based and socially active Nike tells us to “Just Do It.” The Just Capital Foundation in New York is telling Amazon to do it “Justly” when it comes to selecting the city for its new mammoth second corporate headquarters, dubbed HQ2.

For years, our firm has been saying that corporate site selection is both a science and an art. The “science” deals with the numbers, the quantitative analysis of operating costs, taxes, regulations, incentives and other geographically-variable factors that we can attach a dollar sign to.

The “art” of site selection relates to those more social, qualitative factors that vary by city to city. These include factors like housing, education and cultural and recreational amenities that impact a company’s ability to retain key people and to be in a strong recruiting position to attract the best and brightest talent from both local and national labor markets.

That said, we are hearing of a new site selection variable on the qualitative side of the equation that relates to the social impact of a relocation and how that relocation affects a company’s brand or “social standing.”

We expect Amazon, currently facing backlash over its aggressive posture on incentives and the Bernie Sanders narrative about low pay and food stamps — to be especially conscious of social impact — and not afraid to use social impact as a way to mitigate criticisms about incentives, worker pay or even impending clouds of antitrust behavior.

On the premise that large corporations greatly impact the local social, economic and environmental conditions in the areas where they operate and that the public is watchful and concerned about these matters, Just Capital has analyzed nearly 900 of the nation’s largest publicly-traded companies to determine which have the best and most “just” business practices.

Key metrics included producing quality goods, treating customers well, minimizing environmental impact, supporting the communities businesses operate in, committing to ethical
(and diverse) leadership, and above all, treating workers well. In the latest survey, Amazon ranked as the 55th most just company out of 875 surveyed companies.

In linking these enhanced just business behavior factors to the mammoth Amazon HQ2 project (50,000 jobs, 8 million sq. ft. of Class-A office space), the New York-based Just Capital Foundation found that HQ2 has the potential to catapult Amazon’s just company ranking from 55 all the way to 9.

Our experience suggests that Just Capital just might be on to something, especially among high profile, high tech and consumer-oriented firms like an Amazon or a Microsoft or a Google. We have seen social good policies relating to the environment, in particular, directing site selection decisions for their power hungry data centers to cities with green power — hydro or wind — like Quincy in Washington State’s Columbia River Valley and Des Moines and Council Bluffs in Iowa, where green and sustainable wind power is readily available.

By the same token, we have seen anti-business social legislation like North Carolina’s controversial Bathroom Bill and Indiana’s Religious Freedom Bill affecting corporate site selection decisions dramatically. Numerous companies have cancelled or postponed relocations and expansions in these states, citing these two controversial and divisive bills — now both repealed.

Of the 20 finalist cities for Amazon HQ2, where could Amazon reap the greatest social benefit? Based on the demographics below developed by The Boyd Co.’s BizCosts® forecasting unit, Newark, New Jersey, would best serve that role. With the highest unemployment and poverty rates, the second lowest median income and largest concentrations of people of color of all the 20 finalist cities still competing for HQ2, a thumbs up for Newark would clearly give Amazon a huge social standing boost, not to mention the transformative impact on New Jersey’s largest urban center.

A Newark HQ2 decision driven in part by social impact considerations would also be in sync with Jeff Bezos’ plans to donate about 1.2 percent of his current wealth to address family homelessness and early childhood education. What better laboratory than Newark to help shape and influence how the largesse of the world’s richest man will be distributed through the new Bezos Day One Fund announced earlier this month with Bezos’ initial $2 billion contribution.

Another winner here, besides Newark, just might be Amazon’s already giddy shareholders as an improved Just Capital ranking has been shown to enhance a company’s standing on Wall Street. According to the latest Responsible Investment Association Trend Report, 75% of professional investors consider a company’s position on social and governance issues before deciding whether to invest.
Months of silence on Amazon HQ2 for Pittsburgh. What does it mean?

Mark Belko and Adam Smeltz
Pittsburgh Post-Gazette
Oct 24, 2018

Pittsburgh has yet to get a second look from Amazon.

While the online retailer reportedly has paid second visits to Chicago, New York, Newark, and Miami in its hunt for a second headquarters, it has not returned to the Steel City, Mayor Bill Peduto said Tuesday.
“There hasn’t been any contact with Amazon, nor has there been any request by Amazon to meet with any city officials,” Mr. Peduto told reporters.

In fact, the mayor said the last contact anyone has had with Amazon regarding HQ2 was in the spring, when the company visited potential sites, including the Strip District, Hazelwood Green in Hazelwood, and the former Civic Arena property in the lower Hill District.

Site selection experts differ on just what that means for Pittsburgh’s chances of landing HQ2, as Amazon moves into the stretch run of its search, with an announcement expected by the end of the year.

To Tom Stringer, a managing director at professional services firm BDO’s New York office, it does not bode well.

Those cities getting second dates, additional questions, or even visits by Amazon board members, as Washington D.C. did, probably are “much higher on the list” of potential winners than those that don’t, he said.

“I would think it’s probably more beneficial for locations getting second visits,” Mr. Stringer said.

But John Boyd, principal of The Boyd Co., a Princeton, N.J.-based site selection consultant, doesn’t give much weight to the return visits — or the lack of one in the case of Pittsburgh.

“I would not panic about that. Clearly you’d like to hear news of repeat visits. However, given Amazon’s large presence in Western Pennsylvania, it’s very likely they have all of the information they need already,” he said.

That local presence includes a tech hub at SouthSide Works, where more than 80 engineers are employed, and a sortation center in the city’s Fairywood neighborhood.

In Chicago, Amazon paid a second visit to a 62-acre site along the Chicago River, according to the Chicago Tribune. In Miami, where Amazon CEO and founder Jeff Bezos attended high school, it toured the Park West and Overtown area, site of the Miami Innovation District and Miami Worldcenter, based on media reports.
Mr. Boyd believes too much is being made of the visits, saying they may not be accurate barometers of the company’s thinking. He would not dismiss Pittsburgh as an also-ran at this point.

“No way. That would be foolish. This thing could go anywhere. Every day, I hear a rumor from someone that turns out to be complete nonsense,” he said.

For the moment, the odds-on favorite to land HQ2 — and the 50,000 jobs and $5 billion in investment Amazon is promising as part of it — appears to be northern Virginia.

There are good reasons for that. It is close to Washington D.C. and the lawmakers and federal regulators who will be playing more and more of a role in Amazon’s growing empire. Mr. Bezos owns the Washington Post and a mansion in the D.C. area.

Mr. Stringer said that Northern Virginia has been his choice from the start because it “hit a lot of their business needs.”

But Mr. Boyd doesn’t see it as a lock. He is leaning more and more toward Newark, particularly in the context of social impact.

Of the 20 finalists for HQ2, as the second headquarters has been dubbed, Newark, he said, is the poorest in terms of median income and has the highest poverty rate.

Locating HQ2 there would give Amazon, which recently raised the minimum wage for all U.S. workers to $15 an hour effective Nov. 1, a chance to make a statement — and perhaps curry favor with lawmakers and the public.

A year ago, the key drivers involving HQ2 were talent, transportation, and housing. “Now the big theme is this idea of social impact. When Amazon makes this decision, it’s going to have to explain and put into context why it needs billions of dollars in incentives,” he said.

New Jersey is offering $7 billion in subsidies to land Amazon. Of the publicly known bids, it is exceeded only by Maryland, which is dangling $8.5 billion in incentives.

Pennsylvania is believed to have offered at least $1 billion, although that has not been publicly disclosed.

In fact, the Commonwealth, Pittsburgh and Allegheny County have gone to court to block the release of incentive details and the region’s HQ2 bid after the state Office of Open Records ruled that they were public records.

As part of the local case, the city and county recently sent a private letter to Common Pleas Senior Judge W. Terrence O’Brien asking that details on incentives and real estate sites related
to the second headquarters be kept secret even if he orders the release of the region’s bid as part of a right-to-know appeal.

The attorney for WTAE-TV, which is fighting for the release of the proposal, blasted the tactic, accusing the city and county of improperly communicating with the judge and of trying to change their legal stance at the last minute.

The Pittsburgh Post-Gazette also has won a ruling before the state open records office on the HQ2 proposal that the city appealed to Common Pleas Court.

Mr. Peduto characterized the letter as “more a misinterpretation that was done either by our attorney or their attorney misinterpreting what the judge was asking for.”

“I don’t think that there was any intent to be malicious on this. We basically are just trying to make the point of why it is necessary to keep certain parts of this private,” he said.

The mayor vowed not to back down on that point until Amazon has made a decision. Then, he said, the proposal would be made public.

“I do believe that there is a warranted reason that we are trying to keep the information private, because we are in a competition with 19 other cities and there is a reason why the 19 other cities have also decided not to turn their cards over. They’re in a competition with us,” he said.
Austin named headquarters of new billion-dollar tech company as city awaits Amazon HQ2

By John Egan
Oct 30, 2018

As Austin waits for Amazon’s decision about where it’ll put its second headquarters, another multibillion-dollar company is moving its top offices to the Capital City.
Resideo Technologies Inc., a brand-new spinoff of Honeywell International Inc., says it’s shopping for office space in the Austin metro area for its headquarters. Honeywell, based in New Jersey, is a Fortune 100 technology and manufacturing conglomerate that posted revenue of $40.5 billion in 2017.

Resideo, now based in the Minneapolis-St. Paul metro area, would become the largest publicly traded company in the Austin area, moving ahead of the current leader, chipmaker Cirrus Logic Inc.

In its 2018 budget year, Cirrus Logic reported revenue of $1.5 billion. By contrast, Resideo’s sales for 2018 are projected to be around $4.8 billion, up from $4.5 billion in 2017. The Honeywell spin-off’s stock started trading Oct. 29 on the New York Stock Exchange.

Resideo — which offers “smart home” technology under the Honeywell Home brand, including smoke detectors, security alarms, and thermostats — says it plans to move its headquarters from Minnesota to Austin sometime in early 2019.

So far, it's unknown how many Resideo employees will move here or be hired here, although the company says its leadership team will be located in Austin, along with software engineers and designers. In all, Resideo employs about 14,500 people, and says it’ll maintain corporate offices in Minnesota and New York.

Representatives of Resideo couldn’t be reached for comment.

John Boyd, principal of site selection consulting firm The Boyd Co. Inc. in Princeton, New Jersey, calls the Resideo headquarters a “significant win” for Austin. Having Resideo pick Austin over other potential candidates, such as Dallas-Fort Worth, Atlanta, Nashville, and Raleigh, “is a positive endorsement of the city’s business climate and its labor market,” he says.

Aside from the direct economic benefits of Resideo being based in Austin, Boyd tells CultureMap that there’s a “branding and prestige element that comes with a city growing its roster of corporate headquarters that we expect Austin to be able to leverage and promote.”

“Corporate headquarters are the major targets of the economic development community,” Boyd adds. “Why? Because as famous crook Willie Sutton supposedly said when asked why he robbed banks, it’s ‘because that’s where the money is.’ Headquarters projects are viewed as trophy projects by economic development leaders, and by mayors and governors. Attracting a headquarters is part of their legacy.”

One of the people responsible for creating that legacy here is Mike Nefkens, president and CEO of Resideo, and a graduate of Texas Christian University in Fort Worth.

“The home is the biggest investment most of us will ever make — the place where we create a lifetime of memories,” Nefkens said in a July 2018 release. “Because the home is a centerpiece
of our lives, we expect it to be secure, comfortable, and safe at all times. Resideo builds on Honeywell’s strength in providing the world’s best solutions to help people to live more productive, comfortable, and safer lives.”

Although it’s not known why Resideo selected Austin for its headquarters, one of the top executives at Resideo — Inder Reddy, vice president of corporate strategy — has a direct connection to the city. He earned a master’s degree in mechanical engineering from the University of Texas at Austin.

Charisse Bodisch, senior vice president of economic development at the Greater Austin Chamber of Commerce, says Resideo is a welcome addition to Austin’s business community.

Bodisch tells CultureMap that Resideo’s “‘smart home’ products, forward-looking technology, and partnerships with Amazon and Google fit well with our innovative tech culture and further reinforce the Austin region’s position as a top destination for tech companies.”
Where Bezos’s jet flies most — and what it might say about Amazon’s HQ2 winner

Flight data examined by The Post show that Jeffrey Bezos’s luxury jet has embarked on more than a dozen flights a month in 2018, many of them leaving or returning to Seattle, Amazon’s current home. (Pascal Rossignol/Reuters)

By Jonathan O’Connell and Andrew Ba Tran - November 2, 2018

Amazon.com executives toured all 20 of the finalist locations the company is considering for its second headquarters and its 50,000 jobs.

But how many of the cities has company founder Jeffrey P. Bezos visited himself in search of the best site for his company?
It’s impossible to know for sure. But Bezos, the world’s wealthiest person and the owner of The Washington Post, travels frequently aboard his own jet, a Gulfstream G650ER.

Flight data examined by The Post show that the luxury jet has embarked on more than a dozen flights a month in 2018, many of them leaving or returning to Seattle, Amazon’s current home.

Flight records are sometimes imprecise, and they do not show who is aboard the plane, but they do correspond closely with Bezos’s public appearances in 2018, including his arrival in Palm Springs, Calif., in March for his invite-only “summer camp for geeks” conference, in Dallas in April for a speech and in the Washington area in September to appear at an Air Force conference.

And based on the movements of his plane, Bezos has not been to more than half of the cities on Amazon’s list since it announced the 20 finalists in January — a sign that experts say does not bode well for those cities.

In that time, the jet has touched down in the Los Angeles area more than a dozen times and made multiple trips to Boston, Dallas, Miami, the D.C. area and the New York City area. Amazon named three D.C. area locations (the District, Northern Virginia and Montgomery County, Md.) finalists and two in the New York area (New York City and Newark).

The plane has not been to 11 other finalist cities. Some of those were considered long shots from the outset, among them Columbus, Ohio; and Indianapolis.

But experts say it could signal disappointment for other cities that were considered strong possibilities, such as Chicago, Atlanta and Austin, if Bezos did not travel to those places some other way. They say it is very rare to see a chief executive choose a new headquarters site without looking at it personally, even if he or she is not involved in the early or middle stages of the project.

“Typically, the CEO and the senior staff actually visit the specific sites late in the process,” said John Boyd, a New Jersey relocation consultant who has advised companies that include PepsiCo and Dell.

“I think that eliminates any city he hasn’t gone to,” said Arthur G. Greenberg, a broker from the firm Savills Studley who has advised Marriott International and other companies. “I can’t think of any big headquarters move without the CEO being intimately involved, and I don’t know how he could do that without seeing it.”
Jeff Bezos’s flight logs could offer a clue to HQ2
Since the finalists for Amazon’s second headquarters were announced in January, Bezos’s jet has flown into airports near nine of the proposed sites.

Los Angeles, 15 flights
Bezos made the most trips here – but it is not considered a strong contender. He has other interests in L.A., including Amazon Studios and a home in Beverly Hills.

Dallas, three
Considered a strong contender for its workforce and low cost of doing business. Bezos’s space company, Blue Origin, is in rural West Texas.

Miami, two
Considered a long shot by some analysts, Bezos created a stir when he was spotted at a Miami nightclub last summer. He also went to high school nearby.

D.C. area, six
Bezos owns a home and a newspaper in Washington and has made a number of public appearances here in recent months. Amazon Web Services is also headquartered in Northern Virginia.

Boston, two
Amazon is expanding in Boston already, and its robotics unit is headquartered here.

New York City area, two
Both Newark and New York have reportedly received second visits from Amazon’s search team. Amazon’s audio book division, Audible, is also headquartered in Newark.

An Amazon spokesman said Bezos’s travel had no relation to the company’s search. The company says it plans to make a decision on a second headquarters before year’s end.

The data examined were culled from FlightAware, an international flight tracking company, and ADS-B Exchange, a online source of flight data for aviation enthusiasts.

Amazon, which has 563,000 employees worldwide, makes hundreds of real estate decisions every year that would be considered major choices for much smaller companies. Top-level executives, especially Bezos, could not possibly scout locations for all of them.
But a second headquarters, which the company expects to employee 50,000 people in 10 to 15 years, would require an estimated $5 billion in capital spending — the sort of investment that could reshape a region’s economy.

“It would be hard to imagine they would make a decision this big without him seeing” the site, Greenberg said. “We’re not talking about a back office somewhere. This is the second headquarters. I can’t imagine he wouldn’t want to see it.”

Bezos has alternative reasons to visit each of these locations. Amazon has existing business in many of the cities. For instance, experts do not consider Los Angeles a strong contender, but it is home to Amazon Studios, the company’s television production company, and Bezos owns a home in Beverly Hills.

Amazon is already expanding in Boston, where it has more than 1,000 employees and plans to add nearly 3,000 more. Amazon’s audio book division, Audible, is based in Newark, while its cloud computing business is in Northern Virginia.

The plane’s more recent flights — including to the District, Miami and the New York-New Jersey area — could be more significant, experts said.

John Schoettler, who oversees real estate for Amazon, has been with the company nearly two decades and oversaw its expansion in Seattle, which may have earned him some independence.

But perhaps not complete independence.

“It sounds like it’s a very small team that’s actually involved in this process,” said Chris Volney, site selection expert at Newmark Knight Frank, a commercial real estate services firm. “Usually if it’s a smaller team, the CEO is likely to be more involved.”

So what does Bezos think?

Speaking Thursday at a conference in New York, he acknowledged that there was a lot of information to take into account. Ultimately, he said, “you immerse yourself in that data, but then you make the decision with your heart.”

Which place does he love best? It’s anyone’s guess.
With Jon Delano on KDKA-TV in Pittsburgh Talking Amazon HQ2 and Pittsburgh’s Bid – Nov. 2, 2018
With Emmy-Winning Journalist, Larry Mendte, Talking Amazon HQ2 On “The Delaware Way” in Wilmington – Oct. 9, 2018
Amid reported Amazon HQ2 talks for Northern Va. site, Philly not counting itself out of the running

by Jacob Adelman, November 3, 2018

Amazon has reportedly held advanced talks about opening its planned second headquarters in Northern Virginia's Crystal City business enclave, but Philadelphia officials aren't indicating that they've given up hope of claiming the massive, job-creating corporate complex for themselves.

The Amazon.com Inc. discussions have revolved around specific buildings in the Arlington County district and have included such details as when employees may move in and how an announcement of the site's selection might be made, the Washington Post reported Saturday, citing public- and private-sector officials it did not identify.
"There's a lot of activity," one unidentified person reportedly close to the process told the Post. People "seem really positive, and they seem pretty confident."

The area, part of metropolitan Washington, is, along with Philadelphia, among the 20 locations that remain under consideration by the Seattle company for its so-called HQ2 office development, where it has said it will employ as many as 50,000 people.

The company has said it would make its decision before the end of 2018.

Whether or not Crystal City is the final victor in the competition begun by Amazon last year when it issued an open invitation for cities to pitch themselves as headquarters hosts, the reported negotiations indicate that the company is entering a final phase of its selection process, garnering concrete proposals from public officials and evaluating specific real estate options.

John Grady, president of the Philadelphia Industrial Development Corp., which has teamed with Philadelphia's Commerce Department on the city's HQ2 bid, declined in an interview Saturday to speculate on what the reported talks meant for Philadelphia's hopes or to remark on any potential recent activity regarding the city's bid.

"We think Philadelphia has competed well and shown itself through this process," he said.

Commerce Department spokeswoman Lauren Cox said in an email that her office has "no new information to share about the status of the HQ2 process."

Jerry Sweeney, who is overseeing the development of one of the Philadelphia sites pitched to Amazon — the Schuylkill Yards project in University City — as chief executive of Brandywine Realty Trust, said the city will have benefited from its overtures to Amazon even if it is not selected.

"If we don't win we will congratulate Amazon on orchestrating a game-changing process, and also the winning city," Sweeney said in an email. "Just as importantly, we will use all we learned during this process to both pursue and capture another job-growth success story."

Leaders of other development companies associated with sites proposed as potential headquarters locations by the city — Wexford Science & Technology's uCity Square project in University City and Liberty Property Trust in South Philadelphia's Navy Yard — either declined to comment or did not respond to messages.

A message seeking comment from Amazon also yielded no response.

Mike Grella, Amazon's economic development director, reacting to the Post's story, posted on Twitter: "Memo to the genius leaking info about Crystal City, VA as #HQ2 selection. You're not doing Crystal City, VA any favors."
Amazon's plans call for spending more than $5 billion on the new headquarters, which it has said could eventually encompass eight million square feet of offices, an amount of space equal to more than six Comcast Center towers.

The Washington area — Northern Virginia in particular — has topped many analysts' lists of likely choices, thanks to an existing regional presence of Amazon workers, as well as its easy transit options, available office space, and accessible airports. Amazon chief executive Jeff Bezos also has a home in Washington and owns the Post newspaper.

There is no indication that any company representatives have returned to Philadelphia since their initial forays to each of the finalist cities earlier this year.

The Post said in its report on Saturday that Crystal City area officials "have discussed how to make an announcement to the public this month, following the midterm elections" and that JBG Smith, the enclave's dominant real estate developer, has stopped marketing some of its buildings for lease so they'll be available for Amazon's use.

John Boyd, a Princeton-based corporate-location adviser whose company has helped Boeing Co., PepsiCo Inc., and others with site searches, said he was especially interested in what Bezos had meant last week when he said in an onstage interview that he planned to rely on his intuition alongside the quantitative data Amazon is compiling for his HQ2 site deliberations.

"You immerse yourself in that data, but then you make the decision with your heart," Bezos told journalist Walter Isaacson during the Thursday event in New York hosted by the education nonprofit FIRST.

The comment was "very significant and indicative of this idea of social impact," Boyd said, "and I think that's something for Philadelphia and Chicago and Newark, N.J., to feel good about."
Here's why expert says Virginia is a likely finalist for Amazon's HQ2

It comes down to three things.

Author: Kaitlyn Ross
November 5, 2018

ATLANTA — A Wall Street Journal report states that Amazon has "whittled down" their cities for their 2nd headquarters to locations outside of DC, Dallas and New York.

Atlanta is not on that list. In fact, WSJ reports that talks have “cooled off” here. But it ain’t over ‘til the Bezos sings.

11Alive’s Kaitlyn Ross spoke to one expert who broke down the big reasons why Virginia is a likely front-runner for Amazon’s HQ2.

It comes down to these three things:

1) High skilled workers

2) Easy transportation

3) Proximity to DC lawmakers

“Northern VA was always the most likely candidate,” said John Boyd, with locations consultant The Boyd Company, Inc.

Since the global company made the announcement of the top 20 cities selected as finalists for the second headquarters, elected officials have been pushing hard to secure that big deal. It's even been a talking point in Georgia’s tight gubernatorial election. The benefits for the winning city will be enormous – more than 50,000 high-paying and a $5 million investment.
While reports say Virginia may be the favored location, Boyd said not to expect any news until after the election.

“I think waiting until after the midterms will be wise because it will give them an insight in to what the political landscape will be,” he theorized.

Politicians in the winning city will have to navigate some negatives. Housing prices are expected to skyrocket in whatever area is chosen. Not to mention the massive traffic headaches that will come with adding so many jobs to the area. But even the head of Amazon said nothing is a done deal yet.

Jeff Bezos gave a rare interview last week, where he said of course he is reviewing the data from the top 20 cities on the list. Atlanta is one of them, but he's going to make the ultimate decision with his heart and with a little intuition.
Economic expert says Austin could land part of Amazon HQ2 as new rumors swirl

By John Egan
Nov 5, 2018

Amazon reportedly will split its second headquarters between two communities, rather than putting it in one place, meaning Austin or Dallas could land 25,000 jobs created by the e-commerce giant. It’s highly unlikely, though, both of the Texas finalists would be in line for an HQ2 presence.
On November 5, *The Wall Street Journal* reported Amazon’s surprising plan to divide HQ2 into two. Each HQ2 location will gain 25,000 jobs, rather one location picking up 50,000 jobs, which was part of the original scenario. By doing so, Amazon will disperse the pressures on housing, transportation, and talent that HQ2 will intensify.

Two days earlier, *The Washington Post* (owned by Amazon CEO Jeff Bezos) reported that Amazon is in “advanced talks” about putting its second headquarters, nicknamed HQ2, in Northern Virginia. Specifically, the *Post* reported that Crystal City, just outside Washington, D.C., is the frontrunner.

However, CNBC.com followed the *Post* story with its own report that a final decision is imminent and might come down to Northern Virginia or Austin. Or, CNBC.com added, Amazon might split HQ2 between those two locations.

“My gut feeling is that the size of this project cannot be easily supported by a single community, and therefore they will split this project into two communities,” Austin economist Angelos Angelou, principal executive officer of economic development and site selection consulting firm AngelouEconomics, tells CultureMap.

“Austin would get high marks for attracting talent, its revered quality of life and its entrepreneurial environment,” Angelou adds. Amazon already employs more than 900 people in Austin. It also operates a distribution center in San Marcos and owns Austin-based Whole Foods Market.

Site selection consultant John Boyd in Princeton, New Jersey, says either Austin or Dallas would make sense as an HQ2 site because Texas has an attractive business climate and has the country’s second largest congressional delegation behind California.

Ray Sturm, CEO of AlphaFlow, an automated investment platform for real estate, notes that concerns have been expressed about Austin’s ability to support the entire HQ2 project. But the city “realistically” can support a split version of HQ2, he says.

While those concerns haven’t been dogging Dallas nearly as much, the addition of half of HQ2 might mean Big D would experience an unprecedented boom in real estate, complete with the sort of price spikes experienced in spots like San Francisco and Silicon Valley, according to Sturm. He envisions a similar effect on Austin’s real estate market.

Wherever the split HQ2 winds up, “there will be two very happy cities. Twenty-five thousand jobs is nothing to sneeze at,” Boyd says.

Northern Virginia is one of three HQ2 finalists in the D.C. area. Austin and Dallas are the two finalists in Texas. In all, 20 shortlisted regions are vying for what now amounts to HQ2 and HQ3.
Adding to the confusion stirred by the *Washington Post* and CNBC.com, *The Wall Street Journal* reported November 4 that aside from Northern Virginia, Amazon is also engaged in late-stage talks with New York City.

But, as one Wall Street Journal source noted, Amazon is “anything but predictable,” meaning the company might go in a different direction altogether.

Officials in Austin and Dallas have been mum about where they stand in the HQ2 process, and Amazon executives have remained tight-lipped. Seattle-based Amazon is expected to unveil its HQ2 as soon as this week.

Boyd says Northern Virginia always has been an HQ2 frontrunner and would represent a “safe choice” for Amazon. However, he adds, don’t count out a finalist like Newark, New Jersey, which would offer not only a talent pool and transportation access, but also would enable Amazon to deliver a “social impact,” given that roughly one-fourth of Newark’s residents live in poverty.

In citing Newark, Boyd points to recent comments by Bezos that he’d rely on “heart” and “intuition” to make the HQ2 choice.

“This is a company full of surprises. So while Northern Virginia will probably win HQ2, I think a surprise is still very much possible,” Boyd says.
Reports: Amazon HQ2 decision not likely to include Columbus

By Mark Williams
The Columbus Dispatch - Nov 5, 2018

Decision expected soon on Amazon’s $5 billion second headquarters; Columbus increasingly considered a long shot.

Indications are growing that Columbus’ bid for Amazon’s massive second headquarters project will come up short.

Over the weekend, The Washington Post reported that Crystal City in northern Virginia has emerged as the front-runner. Meanwhile, The Wall Street Journal reported Monday that the internet giant will split the work among two cities, employing 25,000 in each.

The New York Times reported Monday evening that Amazon is nearing a deal to move to the Long Island City neighborhood in the New York City borough of Queens, according to two people briefed on the discussions. One of them said Amazon also is close to a deal to move to Crystal City. Amazon has more employees in those two areas than anywhere else other than Seattle, its home base, and the San Francisco Bay area.

Columbus is one of 20 finalists for what is probably the biggest economic-development project in a generation; Amazon plans to invest $5 billion and hire 50,000 workers.

Seattle-based Amazon announced in September 2017 its plan to build a second headquarters, a project that has been dubbed HQ2. Ultimately, 238 cities bid for the project, and Amazon narrowed the list to 20 finalists in January.

It has said it plans to select a winner this year and start on the project in 2019.

If Crystal City is selected, it would not be a shock. Northern Virginia has been at or near the top of many lists since the 20 finalists were released. Jeff Bezos, Amazon’s founder and CEO, has a
house in Washington, D.C., and owns The Post. The move would bolster the company’s presence in Washington as Amazon continues to grow and expand into other businesses.

Ohio and Columbus-area economic-development officials had no comment or didn’t return messages seeking comment Monday. Amazon also did not respond to a request for comment.

The Post, citing flight data, reported that Bezos’ plane has not been to Columbus or 10 other finalist cities. Given the magnitude of the investment, such a trip by Bezos would be expected, although Amazon told the newspaper that his travels on the plane shouldn’t be associated with the company’s search.

After The Post’s story appeared Saturday, Mike Grella, Amazon’s director of economic development and public policy, tweeted: “Memo to the genius leaking info about Crystal City, VA as #HQ2 selection. You’re not doing Crystal City, VA any favors. And stop treating the (non-disclosure agreement) you signed like a used napkin.”

Bezos said at a conference last week in New York: “Ultimately the decision will be made with intuition after gathering and studying a lot of data — for a decision like that, as far as I know, the best way to make it is you collect as much data as you can, you immerse yourself in that data, but then you make the decision with your heart.”

John Boyd, principal of the Boyd Co., which is based in Princeton, New Jersey, and provides site-selection services to some of the nation’s biggest companies, took comfort in Bezos’ comments about heart and Grella’s tweet that Crystal City isn’t a done deal.

Boyd has been hoping that Amazon will pick a city where HQ2 will have the greatest impact on reducing poverty and unemployment, so he holds out hope that is still possible.

“Northern Virginia has always been the presumptive front-runner. It should be no surprise,” he said.

Still, Boyd hopes that Bezos will “use a little heart and intuition and surprise everyone. ... Until Jeff Bezos rolls out the decision, anything you hear is speculation.”

If Amazon picks Crystal City, count K.C. Conway as disappointed. Conway is the chief economist for the commercial real-estate group CCIM Institute and the director of research at the Alabama Center for Real Estate at the University of Alabama. He has tracked the project closely.

Amazon was supposed to use the HQ2 process as an open competition among cities in which the company would evaluate criteria such as the available workforce, costs, access to training by local universities and the availability of space.

Northern Virginia’s labor market is tight, so getting workers, especially the technical staff that Amazon wants, will be tough, and living costs there are high, Conway said.
If Amazon always wanted to locate in that region, the company didn’t need a nationwide competition that has cost cities about $100 million so far, he said.

Conway said it would make more sense for Amazon to split the operations of a HQ2 among several cities.

Based on his conversations with real-estate officials, Conway said Amazon is far along in its evaluation of Crystal City, suggesting that will be the choice.

“They hadn’t done that with any other city,” he said.

The good news for cities such as Columbus that pursued HQ2 is that many now have the eye of other companies, he said.

“The cities that competed will find out that they will get some Amazon assets and other companies will take a look at them,” Conway said. “Other cities didn’t lose, but Amazon let us all down.”
Amazon HQ2 frenzy heating up: One city, two cities? Is Pittsburgh still in the mix?

Mark Belko and Adam Smeltz
Pittsburgh Post-Gazette - Nov 5, 2018

It’s definitely northern Virginia. No, it might be northern Virginia or it could be New York or Dallas. Or it might not be one city at all. It could be two — or maybe one with consolation prizes for some of the runners-up.

Such is the latest speculation involving Amazon’s second headquarters, as the clock ticks toward midnight and the frenzy mounts as to which of the 20 finalists — Pittsburgh among them — becomes the online retailer’s Cinderella.
In the span of 24 hours, the Wall Street Journal first reported that Amazon was in “late-stage talks” with several communities regarding HQ2, including Crystal City in northern Virginia, Dallas, and New York City.

It followed that up with a second story Monday stating that e-commerce behemoth may evenly divide the second headquarters between two cities in a bid to help recruit talent and ease the impact HQ2 could have on housing, transportation and other issues that have plagued its Seattle home.

The Washington Post, meanwhile, in a story Saturday gave the edge to Crystal City, saying that the company had engaged in “advanced discussions” about the possibility of locating its headquarters there.

It reported that Crystal City’s top real estate developer has pulled some of its buildings off the market and that area officials had discussed how to make an announcement this month after Tuesday’s elections.

And finally Monday night, The New York Times said it had learned Amazon might be nearing deals to split the second headquarters between Long Island City in Queens, N.Y., and Arlington, Va.

While Amazon did not comment on the various reports, it is believed to be talking to several communities, as it approaches a self-imposed year-end deadline for selecting a city — or cities — for HQ2.

Asked Monday if he’s had any recent contact with Amazon or aware of any visits, Pittsburgh Mayor Bill Peduto replied, “Absolutely not. Not since springtime.”

Where the region stands with Amazon, Mr. Peduto said, depends on what the company wanted in a second headquarters.

“It depends on what the criteria is and how it’s weighed and there’s a lot of different options that cities can offer. It all depends on what Amazon values as their priorities,” he said.

Mr. Peduto said he was aware of some of the reports involving Crystal City, Dallas and New York.

“I had heard before Chicago and before that Boston. I assume they’ll be making their decision relatively soon so we’ll just have to wait and find out what their final decision is,” he said.

Phil Cynar, spokesman for PGHQ2, the Allegheny Conference on Community Development subsidiary handling the region’s HQ2 bid, declined to say whether there have been any recent talks with Amazon. “As we’ve said before, we don’t talk about site selection projects that are active. Until Amazon makes its announcement, we consider this an active project,” he said.
Several sources in the local development community said they are not aware of any talks with Amazon or any property being held off the market in anticipation of the city being selected for HQ2, with its promise of 50,000 jobs and $5 billion in investment over 17 years.

The Wall Street Journal also reported in its weekend story that some believe the online retailer may announce plans to put smaller operations in runner-up locations as part of the second headquarters. While Amazon had nothing to say officially about the various reports, the speculation did draw a rebuke from Mike Grella, Amazon’s economic development director for its cloud computing arm. He is not involved in the search, according to reports.

“Memo to the genius leaking info about Crystal City, VA as #HQ2 selection. You’re not doing Crystal City, VA any favors. And stop treating the NDA you signed like a used napkin,” he wrote on his Twitter account, referring to a nondisclosure agreement.

John Boyd, principal of The Boyd Co., a Princeton, N.J.-based site selection consultant, said Crystal City has always been a top contender for the second headquarters because of a favorable business climate, close proximity to the Pentagon and Washington, D.C., and access to the intelligence community.

But he added that if Amazon is in fact planning to split HQ2 equally between two locations, it could open the door for cities like Pittsburgh.

He pointed to an interview that company founder and CEO Jeff Bezos recently did with journalist and historian Walter Isaacson, in which he said the decision would be made with intuition after gathering and studying a lot of data.

Once that has been done, “you immerse yourself in that data but then you make the decision with your heart,” Mr. Bezos said.

That could mean that social impact will play a role in where Amazon lands HQ2 and could give new momentum to cities like Newark and Pittsburgh, Mr. Boyd surmised.

“That keeps alive this idea of a November surprise,” he said. “One may be HQ2 and HQ3, and the other city that wins will be part of this heart narrative, this social impact narrative.”

Dividing the second headquarters between two cities also makes sense in mitigating issues like rapid spikes in housing, traffic congestion, and gentrification, Mr. Boyd noted.

Although Amazon could have face some public relations issues in explaining why it divided the headquarters into slices after asking cities to bid on the whole pie, that’s unlikely to create major problems.

“It would still be a very large win for the two cities,” Mr. Boyd said.
Here's Why Amazon Should Split HQ2 Into Two Cities, According to Experts

By Julia Glum - November 6, 2018

Amazon’s closely watched second headquarters project produced a late-stage plot twist this week when reports emerged that the company may end up dividing HQ2 between two locations.

Both the Wall Street Journal and New York Times reported that Amazon is in the final stages of deciding where to put its $5 billion HQ2, an announcement it’s promised to make by the end of the year. Both found that the company is leaning toward changing HQ2 to HQ2s. The Times
named Long Island City in Queens, New York and Crystal City in Arlington, Virginia as possible choices.

Record scratch. Freeze frame. You’re probably wondering how we ended up in this situation.

The answer, according to experts, is talent. Amazon has said it plans to hire as many as 50,000 full-time workers for high-paying jobs — and the split may help spread around that burden, says John Boyd, principal at the corporate site selection firm The Boyd Company.

“For months, we’ve been hearing rumors that they may choose to do this because of the challenge of hiring and maintaining such a sizable workforce,” he tells MONEY. “Even in the most optimal city with the largest labor market, that would be a challenge.”

Amazon isn’t commenting on the recent reports. The company has been quiet ever since it narrowed its list of HQ2 candidates to 20 metropolitan areas in January.

But — to a degree — this development isn’t a complete shock.

Phil Schneider, the president of Schneider Strategy Consulting and a longtime board member of the Site Selectors Guild, says he predicted months ago that Amazon would parcel out HQ2.

Talent was one of the biggest factors in his forecast. Seattle, where Amazon has its current headquarters, has butted metaphorical heads with the company over its impact on housing prices, homelessness and taxes. Schneider says the city has struggled to keep up with the growth — so “why would [Amazon] recreate that somewhere else?”

As a tech company, he says, Amazon doesn’t need a physical office. If it spreads its headquarters out and operates virtually, it can pick and choose the best workers from each region without limiting itself geographically. It’s no problem if the best research and development talent is in Location X but the best finance talent is in Location Y — it can hire from both.

“Why would they not be looking across the field and trying to draw from multiple talent pools?” Schneider says. “Why would they not be taking advantage of infrastructure at a somewhat lower capacity level across multiple great locations? And why would they not want to extend their political influence?”

From that standpoint, the locations make sense.

The Washington, D.C., area has long been considered a front-runner in the HQ2 race. As Boyd points out, CEO Jeff Bezos likely wants to be close to the nation’s lawmakers.

The rationale is similar for New York City, though the whispers about Long Island City in particular caught Boyd off-guard. He says he expected Amazon to opt for a place like Newark, New Jersey, if it wanted to be near the power players in Manhattan.
Boyd’s team ran the numbers. He found that if Amazon were to break up HQ2, it would cost northern Virginia about $3.9 million and New York City about $4.3 million in labor, land acquisition, construction, utilities and taxes. The cost profile for Dallas, which has also been floated as a potential HQ2 site, is about $3.5 million.

Greg LeRoy is watching the money situation closely. The executive director of Good Jobs First, says he’s wary of the HQ2 locations recently named in the press because the public doesn’t know much about the incentives they offered Amazon.

“We’re suspicious and concerned about what’s been promised and what might get rushed through special [legislative] sessions,” LeRoy says.

Because the details of the proposals are under wraps, it’s also unclear what HQ2’s arrival means for residents who already live in these communities.

“We don’t know what kind of gentrification buffers, or not, are included here,” LeRoy says. “Affordable housing is already a huge issue in New York and Washington. If they’re not intentional about it, it’s only going to make things worse.”

Bottom line? Yes, HQ2 might be two locations.

No, you shouldn’t freak out.

Yes, a lot is still up in the air.

No matter which place(s) Amazon picks, it’s holding onto reams of information about more than 200 North American cities — and that’s going to affect its moves for the next decade, as Schneider says.

“We’re looking right now at HQ2 and whether it’s two or one or more, but there may be a greater split than that,” he adds. “Don’t think the decision is over.”
Amazon Picks New York City, Northern Virginia for Its HQ2 Locations

By Laura Stevens, Keiko Morris and Katie Honan – Nov. 13, 2018

New York City and Northern Virginia will be the homes for Amazon.com Inc.’s second and third headquarters, according to people familiar with the matter, ending a more than yearlong public contest that started with 238 candidates and ended with a surprise split of its so-called HQ2.

The imminent announcement is expected as soon as Tuesday, according to the people. Other cities may also receive major sites, some of the people said.

Amazon is dividing the second headquarters evenly between New York’s Long Island City and Arlington County’s Crystal City neighborhoods, which are both located directly across from the major city centers. The company plans to evenly split the offices with as many as 25,000 employees.

The decision effectively gives Amazon a major presence in three coastal hubs that politically lean left, at a time when tech companies are under scrutiny for their perceived elitism and liberal social views.

Amazon declined to comment.

Government officials in both New York and Northern Virginia were expecting to hold events for announcements on Tuesday, according to people familiar with the matter.

New York City Mayor Bill de Blasio discussed the Amazon deal Monday night during his weekly television appearance, although he didn’t confirm that the city had been officially selected. He was hopeful that HQ2 would come to New York City. “We’re talking about the single biggest economic development deal in the history of New York City,” he said.
Amazon’s move to New York pits it against rival Google, which is gearing up for its own expansion in the city. The Wall Street Journal reported last week that the Alphabet Inc. unit will add office space for more than 12,000 new workers, an amount nearly double the search giant’s current staffing in the city, people familiar with the matter said. On Monday night at the Journal’s D.Live tech conference, Google financial chief Ruth Porat confirmed the company plans to double its New York City staff of 7,000 over a decade.

Amazon had recently been in late-stage negotiations with several locations including New York, Crystal City and Dallas, people familiar with the matter earlier said. Aside from its HQ2 decision, Amazon may also announce that other cities have won big projects, but it wasn’t clear what form they might take or where they would go.

The District of Columbia area, which had three locations among the finalists including Crystal City, was long considered a leading candidate in part because Amazon Chief Executive Jeff Bezos has a second home there and he owns the Washington Post.

Crystal City, a 1960s-era office and residential development close to the Pentagon, has seen its fortunes wane over the past decade or so, as major tenants, including Defense Department and private-sector tenants, have pulled up stakes.
Its sheer size and proximity to Washington, Reagan National Airport, metro stops and other transportation, made it an attractive prospect for Amazon’s ambitious second-headquarters plan, according to people who have been involved in the discussions. Adding to its appeal, it is also largely in the hands of a single developer.

A potential downside is the region’s notoriously bad traffic, which would likely require significant new investments, according to people familiar with the matter. Amazon’s impact on housing could be substantial.

Virginia could be a good fit for Amazon politically, as an important purple swing state that promises political clout no matter which party is in power. While the D.C. area lacks New York’s cutting-edge culture, it is big, highly diverse and just maybe hip enough.

Long Island City, Queens, was a longtime industrial neighborhood that is experiencing a residential housing boom, with more than 16,000 new apartments built since 2006. It is the fastest-growing community in New York City.

The neighborhood is along the East River and is accessible by multiple subway lines, the Long Island Rail Road and two ferry stops. It is also close to La Guardia and John F. Kennedy International airports.

While the city included four neighborhoods in its original bid, officials were leaning on Long Island City from the start, according to people familiar with the process.

Amazon began the search across North America in September 2017, with the aim of creating a second, equal headquarters to its home base in Seattle. It had said the new location would house roughly 50,000 jobs and represent billions in investments.

Amazon narrowed the contest to 20 finalist cities in January, then asked for reams of data and made whirlwind two-day site visits, during which cities tried to impress the company’s economic development team.

Then came the big surprise a week ago when the Journal reported that Amazon planned to split its second headquarters evenly between two locations rather than picking one city. The change in plans came after Amazon executives concluded it could recruit more of the best tech talent if it spread the office over two locations. And by halving the size, Amazon would help ease potential issues with housing, transit and other areas where adding tens of thousands of workers could cause problems.

The decision to split what was deemed one of the largest economic development projects in recent history triggered a flurry of criticism about Amazon’s original intentions but also fresh hopes. Some city officials said they would have tailored their proposals to match that need, while others said they thought it increased their city’s chances.
The split also raised questions about how equal the two new locations will be with Amazon’s current Seattle base, which employs more than 45,000 people.

Amazon factored in a host of qualifications for the selection of its new headquarters sites, including access to mass transit, proximity to an airport with direct flights to and from Seattle and—perhaps most important—a pool of available tech talent nearby. The company also weighed whether it would be one of the largest companies in a city, something that might make it a magnet for the same kind of scrutiny it receives in Seattle over social problems. Plus, Amazon hoped to show an actual economic impact through its investments in a new area, highlighting its job creation abilities.

Some economic development experts scratched their heads at Amazon’s decision to make the process public, which resulted in complicating factors including a longer-than-usual short list and speculative real-estate purchases around proposed sites.

It also has brought additional scrutiny to potential incentives Amazon might receive to locate in certain areas.

Still, the process has resulted in a year of positive publicity, highlighting Amazon’s ability to create jobs and investments, even as the company has faced critics ranging from President Donald Trump to Vermont Sen. Bernie Sanders, who have called out the company over issues like wages.

“This was really a platform for Amazon to market its transition from traditional e-commerce” into a major tech company creating jobs across industries, said John Boyd, principal at site-selection consultancy the Boyd Co. “It was also a platform for cities to promote themselves to a global audience.”

The choice of its new office sites follows Amazon’s September announcement that it would raise its minimum wage for warehouse workers to $15 an hour. Amazon also has announced major hiring plans over the past year as it builds out more warehouses and expands its U.S. workforce.

Amazon’s decision leaves a group of cities that expended months of resources and time without a clear reward. Some cities have said the process raised awareness for other potential economic-development deals. Amazon has said it might consider some also-rans for other projects.
Philly’s Amazon HQ2 loss could be a long-term win for city, experts say

By Jim Saksa - November 13, 2018

Amazon’s headquarters in Seattle. (Megan Farmer/KUOW Photo)

Philadelphia won't get the 50,000 jobs and $5 billion in investment that many hoped Amazon would deliver to the city. Instead, its HQ2 package is headed to a pair of rival cities along the Northeast corridor.
Amazon announced on Tuesday that it will split its second headquarters into two large satellite offices, one in New York City and the other just outside Washington, DC. While those two cities, as well as Dallas, Miami and Chicago, were revisited by Amazon officials in recent months, Philadelphia did not receive additional attention after making the list of 20 finalist sites nearly one year ago.

Mayor Jim Kenney responded to the news with a thank you to Amazon for its consideration and acknowledgement of the collaborative work done across city agencies throughout the competitive process.

“While Philadelphia was not ultimately chosen for Amazon’s HQ2, I thank Amazon for its consideration and am honored that we were among the top contenders,” Kenney said in a statement. “I also recognize the value of this competitive process, which has benefited our city in many ways. It put Philadelphia in the national (and international) spotlight – increasing our visibility to other companies and showing our viability for other large-scale projects. It also required key stakeholders from various sectors to come together like never before and unite around a shared message and strategy for our city.”

Amazon has selected two sites that, like its South Lake Union campus in Seattle, sit in urban areas a few miles removed from the city’s downtown core. The NYC site will be in Queens’ Long Island City, and DC’s will be in Crystal City, a neighborhood in Arlington, Va. located just west of Ronald Reagan International Airport.

Both metro areas face significant housing affordability challenges and serious problems with their public transportation systems. But they also boast strengths that Philadelphia lacks in their respective standings as political, financial and media capitals. While Philadelphia boasts of a growing tech sector and a strong concentration of world-class universities, it still cannot match the level of readily available tech and business talent in those two cities.

“Philadelphia was always an underdog here,” said John Boyd, a corporate relocation consultant based in Princeton, NJ. “Northern Virginia was the strongest, most likely candidate, given the proximity to DC lawmakers, proximity to the [National Institutes of Health], where Amazon is rapidly getting into the healthcare space,” said Boyd.

Amazon’s CEO, Jeff Bezos, also has a mansion in Washington DC and owns the Washington Post.

As Amazon looks to expand its government contracting business, a DC-adjacent site offers access to Congress and the White House. Similarly, Amazon is growing its entertainment and media divisions, making a NYC location attractive.

While Philadelphia fell short in the race, the exercise was its own reward, said Boyd. “Philadelphia should feel very good about its presentation to Amazon: Being a top-20 finalist has provided enormous branding value for the city to promote a lot of the pro-business development happening, and its advances ... in the growing IT industry.”
“Philadelphia was able to make that case to a global corporate audience, so Philadelphia comes out a winner here despite falling short for Amazon HQ2,” Boyd added.

More than 200 cities eagerly placed bids for HQ2 and yet Amazon has not gone without criticism for its satellite office sweepstakes. Many commentators saw it as pitting cities and states against one another for tax breaks, promoting a race to the bottom that benefits no one other than the company’s shareholders. “It’s called the ‘winner’s curse,’” Robert Inman told WHYY last year.

“In most instances, it’s a zero-sum game. You’ll end up lowering benefits or raising taxes elsewhere in the city to subsidize the relocator with probably little impact on jobs,” said Inman, a professor at the University of Pennsylvania’s Wharton School of Business.

Amazon’s decision to select two predictable sites, where masses of college-educated young professionals already cluster fueled speculation that the fanfare HQ2 bidding process was little more than a marketing gimmick designed to get Amazon the sweetest subsidies possible — and millions of dollars worth of detailed market analysis for hundreds of metropolitan areas.

Many Philadelphians were more anxious than excited about the prospect of Amazon locating a massive office here, fearing it would bring some of the affordability problems that have plagued cities like DC, NYC, and Seattle in recent years. Some large local employers will also quietly celebrate being passed over, said Boyd. “A lot of companies in Philadelphia are going to breathe a sigh of relief,” he said, now that they won’t need to compete fiercely with the invading behemoth to retain their employees and recruit new ones.

Boyd said Philadelphia’s transportation network and cluster of colleges offered competitive advantages, but the city’s relatively high taxes and onerous regulatory regime held it back. Boyd also thought that Philadelphia — and other Amazon also-rans — might see a small boom of development deals in the wake of the announcement. “A lot of projects have been put on hold because of HQ2,” he said. “A lot of companies planning expansions or relocations into cities like Philadelphia have taken a wait and see approach, to see where Amazon goes, because they don’t want to compete with potentially tens of thousands of Amazon workers.”

That question of recruiting young talent, Boyd said, provides Philadelphia reason to be optimistic going forward. “HQ2 site search really has revolutionized — transformed — the site selection industry and the site selection industry,” he said. There has been an “emergence of this new site selection driver: social impact.

“We know [that] not only are companies paying attention to this because they want goodwill among lawmakers and the public, but we know that 75 percent of institutional investors look at social impact when they make decisions on where to invest their money,” Boyd said.

Philadelphia was among the poorest of the Amazon finalists. Part of the city’s pitch to the online retailer was the goodwill it would engender providing jobs and investing in a place that
desperately needs both. While that pitch ultimately fell short, Boyd thinks the city is well positioned now to make it again.

“Companies are calling us now and asking us to document social impact — that’s never been the case before,” Boyd said. “This is really a new site selection driver, and it’s going to help urban diverse cities like Philadelphia in the months and years ahead in industry attraction efforts.”

Amazon, meanwhile, acted pragmatically when it chose to split the second headquarters into two large satellite offices. Developing two smaller locations will ease real estate acquisition for Amazon and help the company successfully recruit enough employees at each site.

Another benefit will be felt in the political realm. By choosing two sites, Amazon effectively doubles the number of new congressional delegations interested in protecting jobs by looking out for the tech titan’s legislative interests. Those allies will be important as Amazon continues its breakneck growth and likely, faces antitrust challenges.
With Amazon HQ2 Not Likely to Land in Newark, Talk Turns to Taxes, Incentives

John Reitmeyer | November 13, 2018

Murphy and legislative leaders say just making list of finalists has been a boon to state’s largest city, which is being positioned as a high-tech hub.

Although it hasn’t been officially announced, it appears that Amazon has chosen to split its East Coast headquarters between New York’s Long Island City and Northern Virginia — leaving Newark as an also-ran in the closely watched competition.
Nevertheless, Gov. Phil Murphy and other New Jersey officials believe the state has already benefited by having Newark listed among the top 20 finalists that were announced earlier this year, bringing invaluable attention to the city’s ongoing revitalization. The Garden State could also profit indirectly by having residents within close commuting distance of some of the new Amazon offices if they end up in Queens. And some wishful thinkers still believe Newark may not be altogether out of the running for a small slice of the action.

Meanwhile, Amazon’s prolonged site-selection process has also rekindled a debate about the role that taxes — and corporate-tax incentives — play in the broader competition among states when it comes to landing the biggest corporate fish.

**Scared off by high corporate taxes?**

Senate Minority Leader Tom Kean Jr. (R-Union) is among those now pointing to Amazon’s decision as a reason to take a new look at the state’s corporate-tax rates, which were recently hiked for the highest-earning companies.

“How many more times are we going to sit by and watch companies choose to set up shop elsewhere, before we take action?” asked Kean Jr.

But Murphy responded by saying taxes didn’t come up at all in high-level talks.

Newark, which is New Jersey’s largest city, has been in the midst of an economic-development revival, with the city recasting itself as an emerging tech center, including by promoting the high-capacity internet fiber that’s buried beneath its sidewalks. Amazon, which said the HQ2 project would bring 50,000 new jobs and billions of dollars in investment to the site of its new corporate offices, named Newark as a top candidate earlier this year.

State and local officials had high hopes for Newark: The city is already home to Audible, an Amazon subsidiary that produces downloadable audiobooks, and it met several criteria for Amazon’s corporate expansion, including proximity to major urban centers and high-level tech talent. State lawmakers also passed legislation earlier this year to provide Amazon with a major corporate-tax incentive.

**Sidestepping the question**

When asked about indicators that Newark was being passed over, Murphy, a first-term Democrat, said during a recent news conference that just making it onto the list of finalists was a major accomplishment. He also said the Amazon site-selection process helped forge ties between his staff and the administration of Newark Mayor Ras Baraka as they refined the state’s sales pitch, which is something that should boost ongoing efforts to attract other companies.

“Newark as a finalist is a huge win no matter what Amazon ends up doing. We’ve said that from day one,” Murphy said. “It sharpened our game (and) brought us closer together and our teams.”
John Boyd, principal at Princeton-based The Boyd Co., a leading corporate-site consultant, said it should not be a surprise that Amazon officials may ultimately decide to divide the HQ2 site between two different East Coast locations.

“Recruiting 50,000 tech-savvy workers in any one city would be a real challenge for Amazon’s HR team, in fact, an unnecessary one,” Boyd said.

He’s also not ready to rule out New Jersey as a place that stands to benefit from Amazon’s expansion. Some optimists are talking about a new rail link connecting an Amazon HQ2 in Long Island City to Newark.

“Newark offers all of the transportation and labor-market skillsets for a fraction of the cost of Long Island City,” Boyd said.

No official word

While there’s been no official announcement from Amazon, Kean Jr. suggested the state’s corporate-tax structure has been a major factor. Even while New Jersey was in the running, Murphy and Democratic legislative leaders enacted a new law over the summer as part of the latest state budget that hiked the state’s corporate-tax rate for the highest-earning businesses. The top end for companies with more than $1 million in profits went from 9 percent to 11.5 percent.

“Gov. Murphy’s efforts to grow an innovative economy need to be more than just rhetoric,” Kean Jr. said.

But others are suggesting New Jersey and any other state that doesn’t end up hosting Amazon’s new corporate offices may ultimately be grateful because lucrative tax breaks would not be redeemed by Amazon.

Greg LeRoy, executive director of the tax-incentive watchdog organization Good Jobs First, said the type of large-scale tax breaks that are often used to land a major company like Amazon typically amount to “a massive transfer of wealth from taxpayers to shareholders.” Even being home to just half of the proposed HQ2 will drive expensive growth in services like education, transportation and public safety, he said.

“If Amazon gets tax breaks and doesn't pay the full costs of this induced growth, existing residents and small-business owners will get stuck with higher taxes and more-stressed public services,” LeRoy said.
Amazon's HQ2 Decision Could Unlock Other Development Announcements, Including Apple And Google

Jeremy Bogaisky Forbes Staff
Deputy Editor for Industry - Nov. 14, 2018

Officials in the 20 cities on Amazon’s shortlist weren't the only ones holding their breath for its HQ2 decision – many companies and property owners were waiting to find out where the e-commerce giant was going to plant a massive new office complex before moving on with their own development plans.

We may soon hear from some of them, perhaps including Apple.

“A lot of companies have had planned expansions and relocations put on the shelf until they see what Amazon decides to do,” says John Boyd, a site selection consultant based in Princeton, N.J., who expects we'll see “high-profile announcements in the months ahead in banking and the technology sector.”

Beyond seeking to avoid the HR challenges of competing with Amazon for skilled workers, Boyd says some companies have cooled their heels so they could command not only the media spotlight, but also better get the attention of politicians and development officials in the cities on Amazon’s short list.

“Clients of ours active in these 20 markets would call me twice a week — ‘John, what are you hearing,’ ” says Boyd, “and a lot of companies are breathing a sigh of relief that they’re not going to have to compete with 25,000 highly paid Amazon employees.”

One of the most anticipated siting announcements that could come soon is from Apple. The Cupertino, Calif.-based company said in January that it was planning to add 20,000 jobs in the
U.S. over the next five years, and that by the end of the year it would announce a location for a major new campus that will house its customer tech support staff and more.

In sharp contrast to Amazon, Apple has been largely mum on where it's looking. The only public hint the company has given as to the location: it won't be in California or Texas, where Apple already has a significant presence, CEO Tim Cook told ABC News in January.

The company was reported in May to be in talks with officials in North Carolina about Research Triangle Park, a tech hotspot in the Raleigh metro area anchored by NC State, the University of North Carolina and Duke University, where Cook earned an MBA. Local media speculated that the company was planning to hire as many as 10,000 there.

North Carolina lawmakers looking to land both Apple and Amazon subsequently sweetened the state’s incentive program to give a company grants equal to 90% of its employees’ withholding taxes for 30 years if it invests $1 billion in the state and creates 3,000 jobs.

However, reports that an announcement was imminent in June didn't pan out. Tom Stringer, a site selection consultant with BDO, doesn't think Apple has held fire due to Amazon, but some have speculated that it was concerned by measures on the ballot for the November elections. An amendment to the state constitution requiring voters to show a photo ID at polling places passed; measures to transfer power from the governor to the legislature failed.
Boyd believes Raleigh is still the front runner for the Apple campus. Apple didn't respond to a request for comment.

Google may have news soon. It reportedly is negotiating to buy or lease an office building under development in Manhattan's West Village; CFO Ruth Porat said Monday at a Wall Street Journal event that the company is planning to double its headcount in New York City to 14,000 over the next 10 years.

Given how close to the vest Google usually is with development plans, Boyd sees the splash in New York as a message. "They could be speeding up there to compete with Amazon in recruiting," Boyd says. "This is a signal to their workforce that they’re committed to the city."

In February, Google said in a blog post attributed to CEO Sundar Pichai that the company planned to hire thousands this year and invest in new or expanded offices in nine states: California, Colorado, Illinois, Massachusetts, Michigan, New York, Pennsylvania, Texas and Washington. A Google spokesperson declined to comment on any further expansion plans.

One impact of Amazon’s broad selection process is that it froze dealmaking involving premier commercial real estate developments in finalist cities, including Lincoln Yards in Chicago, Suffolk Downs in Boston, the Philadelphia Navy Yard and Miami’s Innovation District. “A lot of these highly coveted properties were not marketed at full throttle, because the prospect of millions of square feet of new class A office space and a $5 billion capital expenditure were dangling in front of these developers,” says Boyd. NDAs also made it more difficult to market these properties to other prospects. Those shackles are now off.
Amazon aftermath: Who really won and who lost?

By Paul Burton - November 16, 2018

Days after Amazon Inc. announced it would split its second headquarters between New York City and Northern Virginia, spirited debate continues about who really won and who really lost.

The decision triggered more discussion about public incentives to corporations, spending on needed infrastructure and housing, the next wave of corporate relocation and its impact on municipalities, and how it all weighs on municipal credit.

Long Island City, across from Manhattan in New York, is one of Amazon’s two choices for its new headquarters. Bloomberg News

Seattle-based Amazon expects to place roughly 25,000 employees each in Long Island City in New York’s Queens borough, and Arlington’s Crystal City in Northern Virginia. The retail behemoth also plans to add an operations center in Nashville. The company has also pledged more than $5 billion in investment for up to 17 years.
Victory will come at a cost, according to Moody’s Investors Service.

“The winning localities will likely need to upgrade infrastructure, expand transportation and improve school facilities, potentially with a hefty debt issuance attached,” Moody’s said.

Additionally, state tax incentives and benefits to the company could eventually outweigh revenue benefits, particularly if Amazon falls short on promises or if the company and public officials overestimated the multiplier effect.

New York State promised Amazon $1.5 billion over 10 years if the company meets certain job creation and wage thresholds. Other incentives are not quantified.

Gov. Andrew Cuomo confirmed approval of the Amazon project will go through the Empire State Development Corp., which he controls. That sidesteps a zoning vote on the New York City Council, some of whose members have questioned the incentive package and Amazon’s effect on the city’s housing stock and transit infrastructure.

Virginia said it would provide Amazon with $573 million of similar job creation incentives over 12 years, and has pledged $195 million of transportation infrastructure improvements nearby. Tennessee has pledged $102 million of job incentives over seven years.

“Amazon now has three centers of gravity — Seattle, D.C. and New York City,” said John Boyd Jr., a principal at Princeton, New Jersey, corporate site selection firm Boyd Co. “Common among them are premier transportation infrastructure and a premier talent pool.”

Splitting HQ2 did not surprise Boyd.

“The only surprise is that it came so late in the game that they decided to do it in this fashion,” he said.

One characteristic New York City and greater Washington share is troubles on the subway.

The problems on both systems have sent riders scurrying for alternatives, such as for-hire, app-based systems including Uber and Lyft, compromising fare revenue streams.

"We believe bottlenecks could intensify as residents wait for expansion of mass transportation options, particularly through the Washington Metropolitan Area Transit Authority," S&P Global Ratings wrote. D.C. Metro had to shut down portions of its system to replace outdated equipment after two accidents that killed 10 riders.

Budget strife has long surrounded New York’s state-run Metropolitan Transportation Authority, one of the largest municipal issuers with roughly $40 billion in debt. The MTA has struggled to balance its operating budgets and state-city political wrangling have surrounded its capital funding for years.
In addition, and just as the budget cycle is kick-starting at the state capitol in Albany, the MTA is searching for a new leader. Chairman Joseph Lhota abruptly resigned on Nov. 9.

“We are in need of additional recurring revenues.” MTA Chief Financial Officer Robert Foran told board members Thursday on the authority's proposed $16.8 billion operating budget for calendar 2019. Projected revenues from fares, tolls and dedicated taxes have plummeted more than $1 billion over 18 months, according to Foran.

One-shot items balanced the budgets for 2018 and 2019, Foran said. "The low-hanging fruit is gone."

As another round of MTA fare hikes looms, transit advocates argue that Amazon's arrival in Long Island City, just across the East River from Manhattan and where modern mixed-use buildings are replacing old warehouses, could further strain a system already bursting with subway and commuter rail riders cramping run-down stations.

The planned shutdown in April of the L-train tunnel between Manhattan and Brooklyn could worsen the situation, sending commuters east of the river scurrying for alternatives.

"There's a lot of transit and Amazon touted that in their announcement, but there still needs to be an accompaniment in additional infrastructure,” said Lisa Daglian, the executive director of the Permanent Citizens Advisory to the MTA and a Long Island City resident. “Amazon could go a long way in showing that they're good neighbors by making investments in transit in the community."

According to Boyd, Amazon’s arrival could help break New York's transit funding logjam.

“Projects like these often provide the necessary incentive to undertake initiatives that are politically contentious and expensive,” he said.

De-facto winners include cities on Amazon’s short list of 20 and others where Amazon’s arrival could have posed more problems than benefits.

“The question remains, did many of these states and municipalities win by losing this particular competition?” said Joseph Krist, a partner at Court Street Group Research LLC.

“While there are clear economic benefits, in terms of jobs and personal incomes, the existing host municipalities are dealing with housing, transportation, and education issues that are creating conflict with those companies,” Krist said. “Many residents of those cities find themselves at odds with the tech companies over these issues.”

Los Angeles missing out prompted a "thank God" from Christopher Thornberg, founding partner of Los Angeles consultancy Beacon Economics.
“We have record low unemployment, skyrocketing housing costs, horrendous traffic and somehow we wanted to drop 50,000 overpaid techies into the middle of this?” Thornberg, director of the Center for Economic Forecasting at the University of California, Riverside, told the Los Angeles Times.

The biggest winner, according to Boyd, is Newark, New Jersey's most populous city and an Amazon short-list candidate.

"No city was in need of elevation in stature more than Newark," Boyd said. "Newark is now seen as a highly credible, head-office location. Mayor [Baz] Baraka really is an effective salesman and a great ambassador.

"I wouldn't be surprised if, say, seven, eight, nine months or 18 months down the road, that Newark is given a satellite office relative to Long Island City, especially if there's a backlash in Queens about low-income displacement."

Baraka said the exposure helped showcase the progress of a city long stigmatized as a symbol of urban blight. He cited, among other attributes, Newark’s access to several transportation modes.

New Jersey Gov. Phil Murphy, meanwhile, has pledged to fix chronic problems at NJ Transit, which operates commuter rail, bus and light rail statewide.
Krist called the competition among the states and cities “enlightening.”

“Amazon appears to have succeeded in its effort [intentional or otherwise] to pit the various jurisdictions against one another and it gave Amazon a lot of access to data on the various competitors that may simply result in the company being the big winner at the end of the whole process,” he said.

Boyd expects a domino effect on corporate relocation after Amazon threw down its marker.

“A lot of major employers let out a sigh of relief,” he said. "Comcast in Philadelphia doesn’t want to compete with 25,000 highly paid Amazon employees and the challenges they bring."

Amazon’s maneuvering, Boyd added, could generate another domino effect — the relocation of federal agencies from Greater Washington. Some members of Congress have proposed reversing a 1947 law that requires their location in the nation’s capital unless Congress specifies otherwise.
Crystal City, across from Washington and consisting largely of office towers, is rebranding itself after losing thousands of federal jobs. Amazon has chosen the National Landing area of that city.

“What better place could there be for the National Weather Service than South Florida or the Carolinas?” Boyd said.
Can New York make back its Amazon investment?

Despite New York City's tough reputation, it appears to have been out-negotiated by Virginia's Arlington County in the 238-city frenzy to snare Amazon's HQ2. That heated competition ended with the announcement Tuesday of two winners for the $5 billion development prize.

Each location will get 25,000 jobs with six-figure salaries. Arlington promised $550 million in subsidies for its, while New York will shell out three times that amount. New York state is kicking in $1.5 billion in direct tax credits, $10 million in job-training costs and -- as skeptical Twitter users noted -- the cost of a corporate helipad for the Long Island City site.

"Incentives are highly contentious today, but we call them a necessary evil," said John Boyd, principal at the Boyd Co., a site-selection firm that advises companies and municipalities. He pointed out that Amazon passed up a nearly $8 billion subsidy package just across the river in
Newark, New Jersey, in favor of Long Island City, in the New York City borough of Queens. "I think the New York taxpayer got a great deal."

Whether that deal pays off and becomes -- as New York Gov. Andrew Cuomo claimed Tuesday, "a big moneymaker" for the city and state -- depends on a number of factors. Here are four areas to watch, according to economists and economic development experts.

**Who will get the jobs?**

Neither New York nor the Washington, D.C., area have trouble generating jobs for their more highly skilled residents, but both struggle with higher-than-average unemployment, higher-than-average poverty and limited social mobility. Amazon's Long Island City site will about the country's largest public housing development, Queensbridge Houses, where the average household income is just $15,000. Without a concerted effort, it's unlikely that many of these residents will be in line for an Amazon job paying $150,000.

"As we've seen in Seattle, the Bay Area, and in other cities where unfettered tech development has been allowed to spread, without good jobs specifically set aside for local residents and without strong protections for both tenants and middle-income homeowners, displacement is guaranteed," said the Association for Neighborhood and Housing Development.

Amazon's agreement with the city doesn't include a local job-hiring guarantee, it does contain $15 million -- $5 million of it from Amazon -- for job-training programs that prioritize lower-income workers or those without higher education. Nonprofit groups like Per Scholas, a Bronx-based job-training program, and Pursuit (formerly C4Q), a Queens technology training center, were involved in the pitch to woo Amazon. Now, they're banking on its presence to create enough demand to benefit some of its graduates.

"We hope to train Amazon's blue-collar warehouse workers to code and get rehired as software developers at the companies," Pursuit CEO Jukay Hsu said via a spokesman. Pursuit will operate a job-training center at the site, the organization said.

"We understand the needs of our community and the barriers they face in accessing these growing opportunities in the tech industry," said Hsu. "We look forward to working with the company, New York City and New York state to ensure that these promises are meaningfully delivered."

NPower, another tech-training nonprofit, launched a new program in partnership with Amazon Web Services this summer to train students in cloud computing. It prepares high school grads who have basic technical training for jobs as system administrators or cloud-computing specialists, said NPower Executive Director Helen Kogan. "For us, it's an opportunity to bring in fresh tech talent, who may not have had that opportunity but are talented and ready to go," she said, adding that NPower plans to increase its size by 50 percent next year.
Where will they live?

Research suggests that when a major new employer moves to an area, only one-fifth of the created jobs go to unemployed locals; the rest attracts transplants from elsewhere. That means tens of thousands of new residents in areas where housing supply is already tight. "No question, there will be pressure on these neighborhoods," Eric Gertler, who sits on the board of New York's chief economic development agency, told CBSN.

Without significant investment in new affordable housing, low-income tenants could be pushed out as landlords woo the higher-income newcomers. Existing homeowners, if they choose, could sell at a neat profit.

Long Island City has built more housing in recent years than any other New York neighborhood, a 2017 study found. Luckily for workers pulling in six figures, and unluckily for everyone else, most of that is luxury development aimed at high-income tenants.

How will they get to work?

Amazon's agreements call for the winning localities to put significant funds into infrastructure. That's one investment that could create significant returns, according to development experts.

"That's an under-the-radar aspect of how these deals are done today," said Boyd. "The idea is that, above and beyond tax credits and tax exemptions, investing in things like bridges, connecting to Reagan Airport [near Arlington], improving roads -- that serves the public good, and it helps to create entrepreneurship as well."

Virginia will spend $295 million on improvements to the Metro stations at Crystal City and Potomac Yards, an improved connection to Ronald Reagan National Airport and other projects. In addition, $28 million in future property taxes will be earmarked for improvements to the Amazon site.

New York's promised infrastructure upgrades aren't tied to Amazon, but in a city where more than half of workers take public transit, they're key to the project's success. Already-planned improvements coming to nearby LaGuardia and JFK International airports also will help ease the retail and shipping giant's activities.

Other cities are watching -- or should be

Opponents of corporate subsidies said Amazon's choices prove taxpayer incentives matter much less than advertised. "Access to an educated workforce and high-quality public amenities are what drive business location decisions -- not the presence of low or regressive taxes," the Institute on Taxation and Economic Policy said in a statement. "These cross-state bidding wars are a waste of scarce public dollars that do nothing to move our nation forward."
Many New York politicians share this skepticism, despite their governor's claim Tuesday that the deal ultimately "costs us nothing, nada, niente -- we make money doing this."

And they're not the only ones likely to keep a careful eye on Amazon's promised rewards. Legislators in cities and states that Amazon passed over will be monitoring how the project unrolls. If they realize that a secret 14-month corporate search process didn't net all that much for the winners, the next time around, they may decide to sit it out.
The benefits of South Florida being an Amazon HQ2 finalist: 'We want to strike while the iron is hot'

Amazon on Tuesday announced a second headquarters split between the New York City area and Northern Virginia, plus an operations center in Nashville. (AP photo)

Marcia Heroux Pounds - South Florida Sun Sentinel – November 14, 2018

Though South Florida was not Amazon’s choice for its HQ2, the tricounty area may still reap benefits from having been part of the selection process and making it to the finalist stage, according to site consultants and economic development experts.
“The South Florida brand has never been more attractive,” said John Boyd, a site consultant in Princeton, N.J. “This was a great opportunity for South Florida to showcase its growing tech center.”

Amazon instead decided to split its second headquarters operation between New York City and Arlington, Va., the Seattle-based, e-commerce giant announced Tuesday. The decision will mean 50,000 jobs and billions of dollars in investments in those areas.

“We are excited to build new headquarters in New York City and Northern Virginia,” said Jeff Bezos, founder and CEO of Amazon. “These two locations will allow us to attract world-class talent that will help us to continue inventing for customers for years to come.”

Amazon also selected Nashville for a new Center of Excellence for its operations business, which handles customer fulfillment, transportation and supply chain management. That new location will create more than 5,000 jobs, the company said.

Three South Florida economic development leaders discuss the possibility of having Amazon’s second headquarters here and how the three counties are working together.

Still, South Florida is focused on the positives. As a result of Amazon’s interest — including a repeat site visit by the company to the Miami Innovation District that created a lot of buzz — the region now is in a prime position to attract other headquarters, said Boyd, who works with companies interested in relocating to South Florida.
Kelly Smallridge, president and CEO of the Business Development Board of Palm Beach County, said three to five corporate headquarters have been looking at the county for potential relocations, since South Florida’s bid for the second headquarters.

Similarly, Bob Swindell, president and CEO of the Greater Fort Lauderdale Alliance, said companies in New York and Connecticut have been looking at Broward County.

He said the area’s three economic development leaders are planning to come together again, just as they did for the Amazon HQ2 bid, to pitch Amazon on a Latin American operation in South Florida.

“We didn’t get the first-place prize, but it has had a phenomenal impact,” Swindell said. “We want to strike while the iron is hot.”

Broward already has the Latin American headquarters of Emerson in Sunrise, Microsoft in Fort Lauderdale and Ecolab in Miramar, Swindell said.

“We are very proud of the efforts we put forward to solicit Amazon and will continue talking strategy to enhance our pitch for future projects,” Smallridge said. “We believe there is no better location for their Latin American operations.”

Mike Finney, president and CEO of The Beacon Council in Miami, said while there was no indication during the HQ2 visits that Amazon might consider a Latin American headquarters in South Florida, Amazon already has a distribution center as well as its Prime Air delivery and package-sorting operation at Miami International Airport.

“If it is in the cards, it will surface fast enough,” Finney said.

The South Florida bid, submitted in October 2017, was the only one from Florida to make the Top 20, narrowed from 238 sites around the country and Canada. South Florida proposed eight sites including one in Palm Beach County, two in Broward and five in Miami-Dade.

The new Washington, D.C., metro headquarters in Arlington will be located in National Landing, and the New York City headquarters will be located in the Long Island City neighborhood in Queens.

Amazon didn’t say why it chose Arlington and Long Island City sites from the list of 20 finalists. But some sources cited by The Wall Street Journal and others said the split-city decision had to do with recruiting enough tech talent and easing potential housing and transit issues.

The Beacon Council’s Finney said all finalists met Amazon’s criteria for a second headquarters, with some ranking higher than others in certain areas. He said he looks forward to a “debriefing” from Amazon to learn more.
Don't call it a breakup: Pittsburgh and Amazon can still be friends

By Aaron Aupperlee | Friday, Nov. 16, 2018

Dear Pittsburgh,

It’s me. Not you.

Still friends?

Love,

Amazon.

Pittsburgh lost out on Amazon’s second headquarters, but the relationship between the city and one of the most powerful tech companies in the world does not appear to be over.

Despite Pittsburgh Mayor Peduto describing his brief conversation with Amazon as one you have when you break up with someone — “It’s not you; it’s me,” Peduto said this past week, recalling the short conversation he had with Amazon since the HQ2 announcement — the situation seems like less of a break up and more like “let’s still be friends.”

“They like the partnership that they have with this region,” said Allegheny County Executive Rich Fitzgerald.

That Pittsburgh likes Amazon and Amazon likes Pittsburgh is clear.

The city offered some of its top real estate to the company at no charge and padded its deal with $4 million in incentives.

Amazon, over the past few years, has grown its presence in Pittsburgh outside of the HQ2 hoopla.
It has doubled the size of its engineering center on the city’s South Side. It recently set up shop inside a 70,000-square-foot warehouse in Aleppo, adding to the space it has in the city’s Fairywood neighborhood.

Amazon employs more than 10,000 people in Pennsylvania, and hundreds of those work in Western Pennsylvania.

John Boyd, a principal consultant at The Boyd Co., a location consulting firm in Princeton, N.J., said he isn’t crazy about the break-up analogy used by Peduto. Amazon has a significant presence in Western Pennsylvania, Boyd said, and it’s going to be in the running for more.

“You would expect them to expand those operations,” Boyd said. “The message is: ‘We fell short.’ The labor market here could not support a project of this size, but it can still benefit a smaller one from Amazon, an Amazon subsidiary or another tech company.”

Boyd thinks HQ2 spinoffs will be plentiful as the company navigates ramping up its presence.

Amazon announced Tuesday that it will split its second headquarters between a neighborhood in the New York City borough of Queens and just across the river from Washington, D.C.

Each site will get 25,000 jobs and $2.5 billion in investment. Nashville will be home to an operations center and 5,000 jobs.

Incentive packages from the three locations total more than $3 billion.

Pittsburgh and Pennsylvania offered Amazon a combined incentive package that city and Allegheny County valued at $4 billion. Amazon would also have its pick of the areas best sites, most for free.

Peduto and Allegheny County Executive Rich Fitzgerald said they talked to Amazon for five to 10 minutes soon after the company announced its HQ2 selections. The parties agreed to a deeper debrief later.

“They were very, very positive about Pittsburgh and about what they view their future in Pittsburgh and the things we have in the South Side and out in Fairywood and out in Aleppo,” Fitzgerald said. “And some of the other things that are going to happen.”

Amazon has debriefed other HQ2-hungry cities that didn’t make it as far as Pittsburgh. Detroit learned it didn’t have the talent or the transit Amazon needed. City leaders are taking steps to address both. Sacramento is restructuring its workforce development programs. Cincinnati beefed up its tech training program. Missouri hired a consultant to help it completely rethink its economy.

Fitzgerald and Peduto said Amazon was positive in its conversation.
“There was no negative. There was nothing like, ‘You’re lacking in this.’ It was just, ‘You guys are great,’” Peduto said. “But they did say size.”

Peduto suspects Amazon worried about large impact it would make in a city the size of Pittsburgh if it brought 50,000 jobs. In New York or Washington, the impact will be minimal, Peduto said.

Amazon’s potential impact on Pittsburgh was already dividing the community, said Joel Johnson, founder of BoXZY, a Pittsburgh startup that makes an all-in-one 3D printer, CNC mill and laser engraver.

“People have been living the same way for a long time with really affordable homes,” Johnson said. “If property values start rising very rapidly to California levels because you’re bringing in all these tech companies, that people should rightly be scared of.”

Those fears were voiced during the process, Johnson said.

And Amazon likely took notice.

“When you are a big company like that, you’re looking for predictability, and you want a place that just welcomes you, and there’s no controversy, and that’s not what you’re going to have in Pittsburgh,” Johnson said. “You’re going to have those growing pains.”

Amazon hasn’t exactly been welcomed with open arms into its HQ2 locations.

Protests have rocked New York and Washington since the announcement. Boyd said that unrest could mean Amazon might spin off some of the planned expansion in those cities to other cities, and places like Newark, Philadelphia and Pittsburgh could be top on that list.

“Don’t be surprised if you hear about some spillover projects related to HQ2,” Boyd said. “Not only to help with hiring but to help mitigate some of these impacts. Amazon is under assault right now.”

In the end, Amazon didn’t help Pittsburgh with tens of thousands of jobs and billions in investment. The company didn’t hurt the city, either, with skyrocketing real estate prices or explosive demands on already fragile infrastructure.

But Amazon did do Pittsburgh a favor, said Dan Adamski, managing director of Jones Lang LaSalle in Pittsburgh. Whether or not Pittsburgh ever really had a shot at HQ2, Amazon put Pittsburgh in a national conversation.

It identified the city as a hotbed for tech innovation. Adamski said he’s hearing from companies all over the country interested in Pittsburgh for expansion.

“Now, we’re in the mix,” Adamski said.
Amazon’s interest in Pittsburgh was so evident that it unfortunately scared off one company looking at Pittsburgh to expand. The company, which Adamski didn’t identify, was mulling bringing 1,000 jobs to Pittsburgh but was worried that if Amazon chose the city for HQ2, it would suck up all the talent and make it impossible to hire.

“It went to Atlanta,” Adamski said. “We are a very competitive region, and we have a lot to be proud of. We are in consideration for so many things that we weren’t 10 years ago.”

And when any relationship ends, there is a chance for self-reflection and growth.

Adamski said Pittsburgh should take some time now that the HQ2 courtship is over to focus on itself.

“If nothing else, it was a very worthwhile exercise. It caused us to be introspective and analyze what we see as our strengths and maybe some of our weakness,” Adamski said. “You have to look in the mirror and see where you can make improvements.”
UPDATE: South Florida leaders react to losing Amazon HQ2

By Brian Bandell – Senior Reporter, South Florida Business Journal
Nov 14, 2018

South Florida made Amazon.com’s short list for a second headquarters, but the e-commerce giant ultimately passed over the region for HQ2.

Still, tri-county business leaders say making Amazon’s short list has elevated the region’s profile and demonstrated that it is a prime spot for big companies to relocate or expand their presence.

"In the end, if the Amazon search leads even one more business to take a good look at [South Florida], then that makes the past year well worth it," said Bob Swindell, CEO of the Greater Fort Lauderdale Alliance and one of the architects behind the Miami/South Florida bid.

Seattle-based Amazon (Nasdaq: AMZN) announced Tuesday it would split its $5 billion second headquarters between New York City and Arlington, Virginia, with 25,000 new jobs coming to each city. In addition, Nashville, Tennessee, won an Operations Center of Excellence that will employ 5,000 workers earning an average salary of $150,000.

The Miami/South Florida market was among the Top 20 finalists for HQ2. And even if it didn't win, local economic development officials were hopeful the region would secure a "second prize" of a smaller facility Amazon facility.

As the Business Journal has reported, Amazon officials came to Miami for a follow-up visit, something that didn't occur in many of the other finalist markets. Locations such as Miami
Worldcenter and the Miami Innovation District were seen as potential good fits for a massive Amazon office.

However, as much as Florida likes to tout that it's a low-tax state, that didn't make a difference in luring the online giant. New York, Virginia and Tennessee bested Florida, despite their higher corporate tax rates. Florida, like Tennessee, has no personal income tax, while Virginia and New York do have personal income tax.

In terms of affordability, home values are much higher in Arlington and New York City than in Miami.

“The influx of Amazon-related jobs could have almost doubled the pace of job growth in Miami compared to last year,” said Danielle Hale, chief economist at Realtor.com. "But with a median listing price of $387,000, well above the national average of $295,000, affordability would have gotten even tougher for buyers. An HQ2 win would have also expanded the already serious affordability gap between lower-income and higher-income households.”

Michael Simkins, principal of the Miami Innovation District, said Amazon officials requested extensive information about his 10-acre property in the Park West neighborhood, on the north side of downtown Miami. Although he never met personally with Amazon officials, he understands they had repeated talks with city and county officials.

"We were seriously considered, but we just came a little short this time," Simkins said. "Downtown Miami is poised to attract large, exciting corporations and more jobs. We have a lot of momentum, and Amazon's decision to go to other cities won’t stop that momentum."

The Arlington/Washington, D.C., area and New York City continue to have an edge on South Florida in workforce talent, universities, and transportation, said John Boyd Jr., principal of Boyd Co., a Princeton, New Jersey-based business location consulting firm.

Having enough talent in the tech space has always been the big question in South Florida, and filling 25,000 to 50,000 jobs at Amazon was a major ask. Bigger markets like New York City and the Arlington/Washington metro area were better able to meet those requirements, although South Florida's tech scene is improving, he said.

The challenges in hiring skilled workers in South Florida are evident to Jim Angleton, CEO of Miami-based Aegis FinServ Corp. He hopes to hire 900 employees in Miami-Dade for a call center to support his debit cards. Even with pay of $25 an hour, plus benefits, he's concerned that hiring enough qualified people will be difficult. Miami-Dade and Broward counties have a large service sector-type workforce, but many of those employed lack the skills to qualify for more advanced jobs, Angleton said.

If Aegis has issues filling 900 jobs, Amazon would certainly view filling 25,000 advanced jobs in South Florida as a difficult task.
"Amazon knew they would have to relocate and ship in people, and relocating is very expensive," Angleton said.

While universities in South Florida have been gaining in prestige, the HQ2 winners still have a larger mass of renowned colleges and universities, Boyd said. The Washington metro area and the New York/Northern New Jersey/Connecticut area have seven universities in the Top 50 of the U.S. News & World Report Best Colleges list among them. Nashville has one. South Florida has none in the Top 50.

New York City and the Washington area also have much larger public transportation networks than South Florida, so it's easier for workers and students to move around without driving.

Boyd said it's better that Florida remains a low-tax state. Many smaller-scale projects in South Florida have been put on hold as those company officials waited to see what would happen with Amazon, since they didn't want to compete with the giant company hiring 25,000 employees, he said. Boyd expects expanding tech companies to continue looking at South Florida.

In fact, Simkins said he's spoken with NASDAQ 100 technology companies about building offices in the 100,000-square-foot range in the Miami Innovation District, and those conversations are ongoing. Tech companies have a herd mentality, so once the first big one chooses downtown Miami, more will follow, he added.

"Miami comes out of this a winner," Boyd said. "Charlotte [North Carolina] didn't even make the Top 20, and they reshuffled their economic development team as a result .... South Florida real estate leaders and elected officials and academic officials could forge relationships with senior Amazon officials, and that may lead to new projects in the months and years to come."

Still, not everyone views losing HQ2 as a negative. Small and medium businesses – especially those within the region's burgeoning startup industry – would have had a very tough time competing with Amazon's salary and benefit offerings, said Joe Russo, executive director of the Palm Beach Tech Association.

"Everybody has trouble hiring, especially when it comes to senior-level talent," he said. "Imagine if Amazon came in and raised the bar on everyone's salary across South Florida, and the strain that would put on small and medium businesses."

If South Florida can learn anything from its HQ2 bid, it's that the region's three economic development agencies working as a team can raise the area's profile as a place of business. And its at a time when business leaders say much of the country still views South Florida as primarily a tourist destination.

Nitin Motwani, managing principal of Miami Worldcenter Associates, developer of one of the sites considered for Amazon HQ2, said the regional approach to economic development has strengthened South Florida's ability to lure more companies. Miami still needs to make gains in
transportation and growing workforce talent, then use the regional approach to better tell its story, he said.

"I don't think that this is a loss for Miami," said Raul Moas, Miami program director of the Knight Foundation. "We made it into the list of 20 finalists, and that's a testament to how much Miami has transformed, and confirms there's something happening in this place. What I loved about this whole process is seeing the region come together in a way it hadn't before. That will pay dividends, directly and indirectly, in elevating the profile of the city."

Ultimately, South Florida's place in the Top 20 could create opportunities for Amazon to work with South Florida on future projects, said Melissa Medina president of Emerge Americas, South Florida's biggest technology conference.

“We believe this to be a great source of validation that the South Florida ecosystem is thriving," she said. "We are certain that we will continue to collaborate with Amazon in future endeavors, and we greatly appreciate the tremendous work of our partners — many of whom were integral in submitting our city's bid for HQ2."
North Carolina officials: We know why we lost Amazon HQ2


By Lauren K. Ohnesorge – Senior Staff Writer, Triangle Business Journal - Dec 18, 2018

North Carolina’s loss of Amazon HQ2 was about market size – not transit or politics, top economic developers told a crowd of business leaders Tuesday morning.
“We weren’t big enough,” said Adrienne Cole, president and CEO of the Greater Raleigh Chamber of Commerce. “Not only were we not big enough, two of the largest cities in the country weren’t big enough. They had to split it.”

Cole participated in a Triangle Business Journal panel discussion at Prestonwood Country Club along with Economic Development Partnership of North Carolina CEO Chris Chung, Greater Durham Chamber of Commerce CEO Geoff Durham and New Jersey site selection expert John Boyd. The candid talk covered what stakeholders could learn from losing high-profile expansions such as Amazon and Apple, which picked Austin, Texas, over the Triangle for a major operation.

Both Cole and Chung said they knew the odds going in with Amazon.

“I think all of us were very clear on it, that one of our limitations in the Raleigh-Durham market was just the size of the market,” Chung said. “That said, you do want to make the best effort.”

And Cole says officials did – an effort that started the day Amazon released its request for proposals more than a year ago.

“The morning that that RFP went on the web, I thought my building was burning down because my phone was going crazy,” she recalled. “We had to pursue it. And we came together as a region that morning ... If we’re going to pursue this in a real way, we have to do this together.”

It was the first time such a wide geography collaborated on a single project, she said. And, despite the odds, they thought they could win.

“I don’t think we waste our time meeting every single week, strategizing if we don’t think we have a chance to win,” Durham noted.

“We learned a lot about ourselves in the process,” Cole said, claiming Amazon was “blown away” by a workforce development and higher education panel the team put together to showcase the region’s talent assets.

“Amazon was really impressed with what was said,” she added, noting that the company continues to grow. “We are very much on their radar screen.”

Boyd said the relationships the region forged through the HQ2 process could put it ahead in future expansion discussions.

Boyd also said not to “read too much into” the Seattle giant’s decision. He predicts that, with the Amazon announcement out of the way, companies waiting in the wings will start finalizing their next expansion plans.

And the officials on stage said they’re ready to lure those firms across the finish line.
“Our hit ratio is pretty darn good,” Cole said.

While incentives play a factor, it’s lower on the list than talent, she noted.

Chung declined to outline what the state offered Apple before it turned to Texas (“Next question,” he said), but Boyd theorizes social politics – not just incentives and talent – may have played into the decision.

“Social policy plays a role in economic development today,” he said, referencing measures on HB2 and voter ID.

“Uncertainty is not great for economic development,” Cole said, not mentioning Apple or Amazon directly. “So companies don’t want to have surprises, and John’s right. The social policy area is an area of concern.”

In the meantime, Durham said economic developers aren’t just tasked with recruiting the next big job-creating fish, however. It’s also about “looking at some of the implications of growth,” which includes pushing transit issues. Projects like light rail can ensure that, “as our community grows, it grows to the benefit of everybody in the Triangle,” he said.
2018 YEAR IN REVIEW

New owner at Carolina Hurricanes • Margaret Spellings says adieu at UNC
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Warehouse District remake • and more

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Incentives only part of the mix, development leaders say

So what's it worth to get Amazon to deliver? That was one of the key questions Dec. 18, when a panel of economic development leaders discussed the Triangle's bid for the company's second headquarters.

Raleigh was one of 20 finalists for the project, which was split between northern Virginia and New York City. But the incentives involved have raised concerns from some. The plan to build in Long Island City comes as New York faces significant challenges when it comes to its infrastructure.

"Incentives have never been a trigger," said John Boyd of The Boyd Company, which advised the Carolina Business Journal's breakfast panel discussion at Prestonwood Country Club in Cary. "There's a backlog the backlog is real."

But North Carolina leaders said the state's incentive plan is reasonable. "North Carolina has been responsible when it comes to incentives," said Adrienne Cole, the president and CEO of the Greater Raleigh Chamber of Commerce.

She said the state's approach "very transparent" and noted that the incentives are based on performance. "And you have to remember, these incentives are not paid in perpetuity," Cole said.

Cole and Boyd participated in a discussion that included Economic Development Partnership of North Carolina CEO Chris Chung and Greater Durham Chamber of Commerce CEO Geoff Durham.

Ultimately, they said, the Triangle's loss of Amazon HQ2 was about market size – not transit or politics or incentives. "We weren't big enough," Cole said. "Not only were we not big enough, two of the largest cities in the country weren't big enough. They had to split it."

Chung said the development leaders knew the state faced long odds when it came to landing Amazon. "I think all of us were very clear on it, that one of our limitations in the Raleigh-Durham market was just the size of the market," he said. "That said, you do want to make the best effort."

And Cole said officials did – an effort that started the day Amazon released its request for proposals more than a year ago.

"The morning that that RFP went on the web, I thought my building was burning down because my phone was going crazy," she recalled. "We had to pursue it. And we came together as a region that morning. ... If we're going to pursue this in a real way, we have to do this together."

The panel declined to discuss why the Triangle whiffed on landing Apple – "Next question," Chung said – but emphasized the chase for Amazon wasn't a total loss.

"Amazon was really impressed with what we did," Cole said. "We are very much on their radar screen."
Grading Minnesota’s Amazon HQ2 bid

By: William Morris - May 7, 2019

A concept for Bloomington’s South Loop district shows more than 20 new office buildings, one of 18 Twin Cities sites included in the region’s unsuccessful bid to attract Amazon’s second headquarters. (Submitted image: Greater MSP)

Air rights above downtown St. Paul parking ramps. A sprawling 20-building campus around the Mall of America. Nearly 400 vacant acres in Hugo. Whatever led retail giant Amazon to reject the Twin Cities’ bid to host its second headquarters, it wasn’t a lack of options.

Minnesota’s application in the so-called HQ2 competition, submitted by the Greater MSP economic development partnership, was not enough to get the Twin Cities into the final 20 for Amazon’s $5 billion, 55,000-job expansion. The company eventually split the project in two and chose sites in New York City and northern Virginia, although the New York plan was later scrapped in the face of local opposition.

Greater MSP had resisted sharing details of the state’s bid, even with the state, and had successfully defended against a lawsuit filed by a public-data advocacy group. But on Monday, it released the final 122-page application to the Department of Employment and Economic
Development, with CEO Peter Frosch announcing in a Star Tribune column that Amazon had consented to the publication.

Many details of the state’s application, including the comparative lack of public subsidies offered, were already known, but the full application underscores how far Minnesota’s incentives fell short of some of its competitors, said John Boyd Jr., a principal with the Princeton, New Jersey-based site selection firm Boyd Co. In the application, then-Commissioner of Employment and Economic Development Shawntera Hardy wrote that a project such as Amazon’s would typically generate a state award of $3 million to $5 million.

“Amazon is a company that has not been shy with respect to leveraging incentives, using incentives,” Boyd said in an interview, describing public incentives as a big key to Amazon’s rapid growth. “Business costs in Minneapolis are often higher than in Chicago, and Chicago offered several billion dollars in incentives. Not having a package in sync with Chicago put Minneapolis, given its high operating cost structures, at a disadvantage, and made it more difficult for the Twin Cities to make the final 20.”

Subsidy totals were not the only factor Amazon weighed. The ultimate winners, Arlington and New York City, pledged billions of dollars in support but came in well short of finalists Maryland and New Jersey, which offered $8.5 billion and $7 billion respectively. On the other end of the spectrum, some finalists, such as Toronto, made the top 20 without offering any incentives at all.

Subsidies aside, the application makes a strong case for the Twin Cities, Boyd said, with a compelling narrative about the philanthropic nature of the community and the social impact a new Amazon headquarters would add.

“I like the section about public transit, [and] Minneapolis being an international gateway airport. That was timely,” he said. “Those are narratives that will help the Twin Cities in a post-HQ2 world, as the cities compete for new HQ projects. Emphasizing transportation assets is key.”

The application did a good job of highlighting the region’s strengths in many areas that make it attractive to companies and their employees, said Jay Kiedrowski, a senior fellow at the University of Minnesota’s Humphrey School of Public Affairs.

“I think we put forth a good proposal. We highlighted the advantages the Twin Cities has, from an airport hub to the arts to what it’s like to live here,” he said. “I think it was a very responsive application.”

The application proposed sites in 18 cities, from the urban cores to North Branch and Elko New Market. While most of the locations had been previously reported, the application delves in greater detail into many of the sites.
In St. Paul, the city proposed not only the West Publishing site, a perennial redevelopment opportunity, but also six other downtown properties including the current Ramsey County Public Health Center site and air rights above the Lowertown and RiverCentre parking ramps.

Bloomington’s 16-page proposal included several renderings showing dozens of new mid-rise buildings that could be built north, east and southeast of the Mall of America. Other sites received much more cursory treatment, with sites in Brooklyn Park, Chaska and other suburbs noted in one or two pages.

The Twin Cities is a thriving metropolitan center, and Boyd said not making the top 20 in Amazon’s process should be cause for reflection, as it was in Charlotte, North Carolina. That city has overhauled its economic development infrastructure, combining several groups and bringing in new leadership since failing to make the final list.

“The business community in Charlotte, heads of foundations in Charlotte, some of the nation’s top business leaders, took it personally Charlotte did not make the top 20, and heads rolled because of that,” Boyd said. “I don’t sense the same backlash in Minneapolis.”

But Kiedrowski, who agreed the minimal subsidy package probably held Minnesota back, said the state had good reason to be conservative in its bidding. He noted the state already is home to several major retailers and other Fortune 500 companies.

“I think the proposal was a responsible response to Amazon. The subsidies were reasonable,” he said. “The Dayton administration risked, if they had too much in incentives, having Minnesota corporations who are creating jobs wondering why they aren’t getting subsidies.”

Minnesota may not be able to avoid big subsidies if it wants to be competitive for future headquarters searches, Boyd said, but it also has valuable experience from the HQ2 process to build on.

“This is a good data mining project, a good communications project,” he said of the application. “The acumen of the economic developments professionals, real estate community, academic professionals engaged in development, has been elevated.”
Miami-Dade Beacon Council hosts noted urbanist, author of “The Rise of the Creative Class”, @Richard_Florida, & Boyd talking #SouthFlorida post-#HQ2. #siteselection #econdev: http://youtu.be/77VUGMJ7rRY
Amazon's HQ2 in Virginia could become a tech hub in coming years

22 Aug, 2019

Amazon.com Inc.'s $2.5 billion second headquarters planned for Arlington, Va., is expected to attract a wave of suppliers, vendors and spinoff companies to settle into office space near "HQ2" over the next several years.

That potential influx of private and public sector growth would benefit Amazon's efforts to add 25,000 high-paying jobs by 2030. It could also turn the area surrounding the headquarters in Arlington's Crystal City neighborhood into a tech innovation hub, analysts said.

This would mirror the surge of Amazon-generated expansions in Seattle, home of the e-commerce giant's first headquarters, where major companies including Facebook Inc. and Apple Inc. contributed to follow-on growth.

Stephen Moret, president and CEO of the Virginia Economic Development Partnership, or VEDP, said in an emailed statement Aug. 14 that the state is already "seeing more interest from major tech firms in Northern Virginia (including but not limited to Arlington), Greater Richmond, and other parts of the Commonwealth, sparked in part by the HQ2 win."

Amazon selected Crystal City in fall 2018 for its new headquarters, a 4 million-square-foot urban campus expected to add 25,000 new jobs, with annual salaries of $150,000, over the next 12 years.

But according to the VEDP, HQ2 is expected to be a job creation catalyst that will result in more than the agency's conservative estimate of an additional 22,000 jobs.

The additional growth will likely stem from startups, suppliers and tech companies that the state is cultivating in Northern Virginia and other regions of the Commonwealth in areas of specific interest to Amazon: software development, cybersecurity, machine learning and autonomous systems.

Amazon did not respond to requests for comment.
Job growth in Crystal City already appears to be manifesting itself.

In April, Arlington-based Incentive Technology Group, or iTG, an Amazon Web Services Inc. consultant, said it would relocate its headquarters to a 50,000-square-foot facility in Crystal City. It plans to add 1,000 new jobs over the next three years. Georgia also vied for the project.

"Arlington County’s recent influx of technical talent, as well as its ability to attract leading-edge companies to the area, such as Amazon, are the key reasons for iTG's decision to stay in the region," said Andrew Fehretdinov, the company's CFO, in a statement.

In August, Amify, a tech company started in 2011 that helps third-party sellers grow their brands on Amazon's e-commerce platform, relocated from Alexandria, Va., to a 10,000-square-foot space it leased from JBG Smith Properties near the Arlington HQ2.

Amify CEO Ethan McAfee said the new space brings the company closer to Amazon and public transit and an area adding thousands of new tech jobs.

"We expect our pool of potential applicants to skyrocket," he said in an interview.

Efforts to recruit more companies closer to HQ2 are underway.

Stephanie Landrum, president and CEO of the Alexandria Economic Development Partnership, said her group is "aggressively reaching out" to companies that want to relocate to space near HQ2. She said there is ample room to occupy a building near a Metro station or existing renovated facilities in Arlington’s Crystal City and Pentagon City neighborhoods.

"The thing that we have in spades is space," she said.
JBG Smith has office availability within 14 buildings it owns in National Landing, the area encompassing Crystal City, Pentagon City and the Potomac Yard portion of Alexandria, Va.

Landrum added that the audience for potential tenants around HQ2 is vast. She pointed to the Institute for Defense Analyses, a nonprofit think tank for the U.S. Department of Defense that broke ground in August on a new headquarters building in Alexandria, close by Virginia Polytechnic Institute and State University's planned $1 billion "innovation" campus.

"Amazon told us the biggest driving factor for their location decision was the ability to attract a smart workforce," Landrum said. "What we are learning is that smart attracts smart. If you have really smart people who want to come and work for the Institute for Defense Analyses, their siblings, their spouses, their children could potentially be available to work for Amazon."

**Feeding the talent pipeline**

Experts also say that Amazon will significantly benefit from Virginia's plans to invest in technology education programs across the state. It will also benefit from Virginia Tech's innovation campus, whose first academic building, comprising 300,000 square feet, near HQ2 is expected to be completed by 2024. The campus will welcome its first class of master's degree students studying computer science-related fields in temporary space next year.

"If Amazon's presence is going to attract and retain a lot more skilled workers and graduates from the universities in the area that want to stay in the market, that's good for them because that knowledge sharing across industries will help Amazon," said Amy Liu, vice president and director of the Brookings Institution's Metropolitan Policy Program.
Amazon can also tap into a diversified workforce from other local universities and neighborhoods, Liu said.

"There is a lot of local homegrown talent in the community," she said. "The campus is surrounded by a strong African American/Latino community and high schools in this area that ought to be pipelined into Amazon-like jobs."

Amazon is developing HQ2 as it continues to diversify in areas such as healthcare with its 2018 purchase of online pharmacy PillPack and the purchase of supermarket operator Whole Foods Market Inc. in 2017. The company has also seen substantial growth with its Amazon Web Services business, a major federal contractor whose revenue grew 37% in the second quarter.

Having suppliers and vendors close by that do business in areas such as defense, logistics and healthcare could benefit Amazon and help it fill positions in those categories, said John Boyd, a corporate relocation expert based in New Jersey.

"These subsidiaries and suppliers, in addition to doing business with the company, provide Amazon with a Rolodex of top-tier job candidates," he said.

Tom Stringer, a national site selection expert and managing director with consultancy BDO in New York, believes that HQ2 could spur the emergence of spinoff companies started by Amazon employees.

"There are a lot of entrepreneurial people who work in that industry and may say 'you know what? I have an idea, let's get five guys in a coffee shop,' and then they are off and running," he said.