

# Contest for second Amazon HQ heats up as finalists named

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With billions of dollars and tens of thousands of jobs at stake, Amazon's quest for a second North American headquarters has thrust 20 cities into a cutthroat "Hunger Games" style contest—but at what cost?

The US technology and lifestyle giant last week narrowed its list of candidates from 238 applications for the prize, which could provide an estimated \$5 billion in investments and 50,000 new jobs.

Amazon expects to announce a decision later this year on "HQ2," which will be equal to its Seattle headquarters, and is asking the finalists to refine their pitches.

This winning [city](#) would get a massive economic infusion that could instantly transform it into a major technology hub, said Brookings Institution fellow Joseph Parilla.

"The size and scale of Amazon's investment in its current headquarters has been absolutely transformative for that city, and so we would expect on the positive side for that to occur in a winning city as well," Parilla said.

Parilla said each tech job created would have a "ripple effect," creating another three to five jobs for the local economy, including from some firms seeking a presence near Amazon.

While many political leaders are embracing the challenge, some analysts

have derided the move as a stunt akin to the dystopian novel where citizens must watch youths fight to the death.

"The real downer is the Hunger Games beauty contest will result in a soaking of taxpayers," said Scott Galloway, a New York University marketing professor.

Galloway said the competition "highlights the perversion of our nation at the hands of big tech."

## **Already decided?**

Greg LeRoy, executive director of the nonprofit group Good Jobs First, suggested Amazon is staging "a PR stunt to get the most tax breaks from the place it had already decided on" for its headquarters.

LeRoy's organization has calculated that Amazon has already received more than \$1 billion tax subsidies for its warehouses and other facilities and that it's not clear whether it's a good deal for taxpayers.

"You're going to have an influx of people, you're going to have to hire new teachers, to widen lanes, to pick up trash," he said.

Amazon has said it is looking at metropolitan areas with more than one million people and which offer a "stable and business-friendly environment." It will want a region with a skilled technical workforce and access to international airports.

## **'Think big, creatively'**

In its announcement last year for the competition, Amazon urged communities to "think big and creatively when considering locations and

real estate options."

Margaret O'Mara, a University of Washington professor who studies the high-tech economy, said the list of finalists suggests Amazon's move is aimed at finding the best and brightest workers.

"So many of the finalists are clustered on the East Coast, by and large, providing a way for Amazon to lure top talent that isn't able or willing to move to Seattle," O'Mara said.

"It also signals that—despite the bounty of [tax breaks](#) dangled before the company by competitor cities—low costs aren't the primary driver. The finalist list includes some of the most expensive places to live in America."

The short list includes the US capital Washington—where Amazon founder Jeff Bezos has a residence and owns the Washington Post newspaper—as well as the suburban areas of "northern Virginia" and Montgomery County, Maryland.

New York City was also on the list, as was the nearby city of Newark, New Jersey.

Other cities on the list are Boston, Philadelphia, Pittsburgh, Raleigh (North Carolina), Atlanta, Miami, Nashville, Chicago, Indianapolis, Columbus (Ohio), Denver, Los Angeles and two Texas cities—Dallas and Austin. Toronto is the only Canadian city on the list.

The city of Washington has offered a five-year property tax freeze on any buildings Amazon occupies, wage reimbursements of up to \$10,000 for new hires and an exemption on corporate taxes for five years, according to documents released following a public records request from WAMU radio.

Reports said Amazon has also been offered incentives worth \$7 billion from Newark and \$2 billion from Chicago.

Maryland Governor Larry Hogan unveiled a package worth \$3 billion in tax incentives and \$2 billion in transportation improvements, calling HQ2 "the single greatest economic development opportunity in a generation."

Brookings' Parilla acknowledged that it may be difficult for localities to recoup their concessions to Amazon if they give too much.

By giving back as much as \$7 billion, he said, "the foregone revenue at that scale is so significant, and you are removing resources for fundamental public investments that attracts a company like Amazon in the first place."

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