

Amazon's growing pains in Seattle offer lessons to new hosts

November 13 2018, by Sally Ho



In this Nov. 9, 2018 photo, construction workers mix with the noon lunch-hour crowd outside an Amazon Go store in downtown Seattle. As Amazon turns its attention to setting up new homes in Long Island City in New York and Arlington, Va., experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer. (AP Photo/Ted S. Warren)

As Amazon turns its attention to setting up new homes in Long Island

City, New York and Arlington, Virginia, experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer.

The communities will be subject to outsized influence from a company used to getting what it wants and unfazed by blame, fairly or not, for widespread changes all around.

Just look to the Pacific Northwest, where both Amazon and Seattle have transformed dramatically together and sometimes at odds over the past 24 years, prompting resentment among a certain crowd of wistful "mossback" natives.

But there is a key difference.

The New York city and DC-area picks allow the company to strategically sidestep and diffuse many of the growing pains Amazon has been accused of inflicting on its Seattle hometown. That's because the pending moves will shift Amazon from the "MVP" employer role it plays here, to a mere "VIP" employer position in two of America's largest, most robust locales.

A Fitch Ratings analysis notes that 25,000 Amazon jobs would amount to less than 1 percent of the labor force in either New York's or DC's metropolitan statistical area. Both also already have a large concentration of personal incomes in the six-figure bracket.



In this Nov. 9, 2018 photo, the Space Needle is seen behind a construction project near the Amazon Spheres in downtown Seattle. As Amazon turns its attention to setting up new homes in Long Island City in New York and Arlington, Va., experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer. (AP Photo/Ted S. Warren)

In Seattle, Amazon's workforce has grown from 5,000 to 45,000 employees since 2010, while its physical footprint in the downtown core grew from 1 million to 8 million square feet today.

Matthew Gardner, chief economist with the Windermere Real Estate company in Seattle, estimates that Amazon's crew of highly-educated, well-paid techies makes up about 15 percent of downtown Seattle's total workers.

Amazon says it spent \$4 billion developing its Seattle home after

claiming the once-sleepy South Lake Union warehouse district that's unofficially rebranded "Amazonia" because of the company's 44-building (and counting) development spree.

The company says it has infused \$38 billion into the city's economy between 2010 and 2016.



In this Nov. 9, 2018 photo, a streetcar wrapped with an advertisement for Amazon.com's same-day Prime Now delivery service passes through downtown Seattle. As Amazon turns its attention to setting up new homes in Long Island City in New York and Arlington, Va., experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer. (AP Photo/Ted S. Warren)

The downtown core today is a bustling employment center that is complemented with extra bus routes subsidized by Amazon, which claims half of its employees walk, bike or take public transit to work.

The area is also buoyed by blue-badged Amazon workers having lunch in small local eateries and food trucks outside. The Downtown Seattle Association said more than 2,000 small businesses have opened in downtown Seattle since Amazon showed up.

That's also meant a steady blockade of construction work in pockets of downtown, which also coincides with major traffic congestion caused by two long-overdue public transportation projects on Interstate 5 and Highway 99. Critics also lament Seattle's metamorphosis from a modest blue-collar region fueled by timber, fishing and factory jobs, to the city's status as a star tech hub that was cemented by Amazon and then drew Facebook and Google to set up key outposts here.

Seattle's new concentration of highly-educated, well-paid techies infused in a post-Great Recession era has contributed to a vicious housing market. As a majority of them are young and single renters, Gardner said average city rents have increased by more than 70 percent since 2010, to nearly \$2,000 a month. Meanwhile, the average cost of a single-family house has increased by nearly 90 percent to an average price of \$844,000.



In this Nov. 9, 2018 photo, a pedestrian walks near the Amazon Spheres in downtown Seattle. As Amazon turns its attention to setting up new homes in Long Island City in New York and Arlington, Va., experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer. (AP Photo/Ted S. Warren)

The tension around Amazon's growth hit a peak this year as the city struggled to address its homelessness crisis. Amazon successfully fought a proposed city tax that would have helped fund more services. Local officials quickly bowed down to the city's top employer after Amazon threatened to pull development projects. The bitter battle further bruised CEO and founder Jeff Bezos' "corporate citizen" reputation and also overshadowed the growing, though relatively small portfolio of philanthropy Amazon has done in the city for homelessness.

For the first two decades in existence, Amazon.com's business

blossomed quietly in Seattle, starting as a literary dot-com darling and expanding into the "Everything Store." In fact, Amazon in 1994 was warmly embraced by a city proud of its innovative legacy tied to Boeing and Microsoft, but also committed to being an affordable, creative enclave out West.

It's in the last five years that the acceleration of change has been so intense that the growing pains between Amazon and Seattle have been stark and visceral.

Knute Berger, a longtime Seattle columnist who has chronicled the city from a native perspective, recalls the days when Amazon hired local journalists and writers to produce high-quality content to help sell books on its platform. But Amazon's widespread success was later seen as a threat on traditional bookstores and print publishing on the whole.



In this Nov. 9, 2018 photo, workers line up for lunch from the Seattle Mamak Malaysian Cuisine food truck near the Amazon.com campus in Seattle's South Lake Union neighborhood. As Amazon turns its attention to setting up new

homes in Long Island City in New York and Arlington, Va., experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer. (AP Photo/Ted S. Warren)

"At some point, they crossed the line from being a creative dot-com to 'The Man,'" Berger said.

With all of this in the rearview and looking forward to its new headquarter cities, Margaret O'Mara, a tech industry historian and University of Washington professor, said there's an opportunity for an Amazon fresh start. She urged the company to forge a new path as a community-conscious tech giant who will support local taxes as needed.

"Building a neighborhood that's a really great place to be a tech employee but not built for anyone else, from a city's perspective, it's not the kind of sustainable development you want to have," O'Mara said.



In this Nov. 9, 2018 photo, the Space Needle is seen in the background of street partially blocked by a construction project in Seattle's South Lake Union neighborhood. As Amazon turns its attention to setting up new homes in Long Island City in New York and Arlington, Va., experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer. (AP Photo/Ted S. Warren)



In this Nov. 9, 2018 photo, pedestrians walk near the Amazon Spheres in downtown Seattle as a sign points the way to the city's South Lake Union and other neighborhoods. As Amazon turns its attention to setting up new homes in Long Island City in New York and Arlington, Va., experts and historians in Seattle say both places can expect a delicate relationship with the world's hottest online retailer. (AP Photo/Ted S. Warren)

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