

Where will Amazon put its second headquarters? What you need to know

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Amazon has promised to announce the location of its second headquarters by the end of the year, leaving 20 finalist cities on the edge. Where do things stand with the process, what are the stakes and concerns and what's the latest news? Here's what you need to know.

Question: What is Amazon doing?

Answer: On September 7, 2017, Amazon announced it was searching for a second headquarters, one that would be co-equal to its Seattle home.

Q: Why did it want a second headquarters?

A: At the time, Amazon was estimated to have about 40,000 employees in Seattle and occupy 19 percent of all prime office space in the city, according to an analysis by The Seattle Times. The company's need for space, and more importantly tech talent, had outgrown the area. Not everyone wants to live in Seattle. To lure those who don't, Amazon decided to find a second home.

Q: Is this common?

A: No. Most companies just have one headquarters, or if they're international they might have one international headquarters and one in the United States. Amazon said it would have two. That's very uncommon.

Q: Anything else particularly unusual about it?

A: Yes—this is all happening very publicly. Companies look for new space all the time and big companies are known to move their headquarters. But it's almost always done behind closed doors. The company puts out feelers, local economic development agencies respond, everything is cloaked with code names and no one outside of the process even knows it's happening until a decision is announced. By launching its search publicly, Amazon pitted city against city, pushing each to offer up the best tax incentive deals possible. And giving Amazon a ton of free publicity.

Q: Why would a city want to be home to Amazon's second headquarters?

A: Amazon says it plans to invest more than \$5 billion in the area and hire as many as 50,000 new, full-time employees whose average pay will be more than \$100,000 a year. The placement will in turn create as many as 250,000 indirect jobs, according to the calculations of Enrico Moretti, an economics professor at the University of California-Berkeley. The

economic benefits for the chosen city will be enormous.

Q: What did Amazon say it was looking for?

A: In its Request for Proposal, Amazon listed its main requirements as these:—A metropolitan area with more than one million people—A stable and business-friendly environment—A location that can attract and retain strong technical talent—Access to good mass transit—Access to an international airport—The presence and support of a diverse population—Excellent nearby colleges and universities

Q: How many cities responded?

A: By the deadline Amazon set, October 19, 2017, a total of 238 cities and areas sent in proposals. They were located across the United States and Canada. Amazon whittled this down to 20 finalists on January 18, 2018. They were:—Atlanta, Georgia—Austin, Texas—Boston—Chicago—Columbus, Ohio—Dallas—Denver—Indianapolis, Indiana—Los Angeles—Miami—Montgomery County, Maryland—Nashville, Tennessee—Newark, New Jersey—New York City—Northern Virginia (Loudoun County and Fairfax County)—Philadelphia—Pittsburgh, Pennsylvania—Raleigh, North Carolina—Toronto, Ontario—Washington, D.C.

Q: When is Amazon going to announce which city it has chosen?

A: The company has said it will make a decision by the end of the year. There have been rumors it might announce a short list of three to five cities first but there's no indication that's what Amazon will do.

Q: What cities are considered front runners?

A: No one knows what Amazon is thinking. This process has maintained incredible operational security, no leaks, no hints. That said, the most common suggestion for where it will go is the Washington, D.C. area. There are several reasons, including that it would give Amazon a local base for influencing national decisions, and a big local workforce whose presence would make it hard to demonize the company. Amazon CEO Jeff Bezos is also renovating a large mansion in Washington, D.C., which would be an excellent place to hold galas and events. He also personally owns The Washington Post newspaper.

There are three locations in the Washington, D.C. area that are all on the finalist list: Washington, D.C. itself, Northern Virginia (Loudoun and Fairfax counties) and Montgomery County, Maryland.

D.C. seems least likely given it's relatively small, crowded and has its own political baggage. Montgomery County is next because it's got more space and a more business-friendly government. However the two Virginia counties, Loudoun and Fairfax, are most frequently suggested as the likeliest. The area is cheaper than Maryland, even more business-friendly, and is home to one of the world's largest concentration of Internet connectivity. And it would be very close to Dulles International Airport, a major international air hub.

Q: What other cities are likely contenders?

A: The two top contenders most often suggested are:—Newark, New Jersey, because it's close to New York City but inexpensive and would give Amazon a lot of political credibility by revitalizing an economically struggling area.—Boston, because it's got one of the strongest concentrations of technological talent in the nation and a gushing pipeline of people graduating from the area's universities every year.

Q: Have any cities gotten second visits?

A: There are reports from Miami and Chicago that Amazon's team has paid second visits to those cities for follow up. However, the company could have visited other cities as well and word just didn't get out. So it's difficult to know if these reports mean anything.

Q: What will happen when a decision is announced?

A: First, a lot of champagne will be popped in the city that won. There will probably be a news conference. And then the real bargaining between Amazon and the city will begin. While many cities have suggested specific areas that might work as locations, none have been definitively chosen so the first order of business will be agreeing on where the headquarters will be located.

Q: What will happen in the city?

A: Expect a horde of real estate speculators to descend, driving up housing prices as they attempt to buy and rent at pre-Amazon prices. Companies that do business with Amazon or hope to do business with Amazon might set up offices there. And opposition to the whole idea of Amazon will crystallize and those opposed will begin to organize.

Q: Why would people be opposed to having \$5 billion in investments and 50,000 high-paying jobs come to town?

A: For all the reasons people in Seattle both love and hate having Amazon there. Housing prices will rise, pushing out current residents and gentrifying neighborhoods. Traffic will get worse. The [city](#) will experience a massive influx of high-tech workers who will change its mix and culture.

Q: How quickly will all this happen?

A: Housing prices will start to rise quickly as speculator arrive. Amazon will initially plant a few employees locally to oversee the planning, design and building process but large numbers won't arrive for months if not years, depending on whether the area has ready-to-use buildings or Amazon has to build from the ground up.

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