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Chicago sets sights on Apple and its new campus: 'We're going to go compete'



Apple appears to be following Amazon in using a high-profile search to win incentives and boost its brand, particularly by tying the campus announcement to broader plans for U.S. investment and jobs, said John H. Boyd, principal of The Boyd Co., a site selection consultancy. (JOSH EDELSON / AFP/Getty Images)

Ryan Ori, Lauren Zumbach and Bill Ruthhart – January 17, 2018

Chicago has another technology behemoth to woo: Apple.

The city, which is waiting to find out if it's a contender for Amazon's planned second headquarters, learned Wednesday that another tech company that starts with an "A" is looking for a new campus.

Cupertino, Calif.-based Apple said it plans to create more than 20,000 jobs at a new campus and in its existing offices, as part of an announcement that the company will contribute an estimated \$350 billion to the U.S. economy over the next five years. It's not clear from Apple's news release

whether the company already has a location in mind for the new facility, which it said would be announced later this year.

Apple's new campus "will initially house technical support for customers," according to the news release, but it was unclear what other types of workers the new campus could eventually include, or how many of the more than 20,000 new jobs will be there. An Apple spokesman did not respond to requests for comment.

Mayor Rahm Emanuel, who in October interviewed Apple CEO Tim Cook for his mayoral podcast while Cook was in town to open Apple's Michigan Avenue flagship store, was surprised by the announcement but vowed that Chicago planned to make a proposal.



"I don't know what Apple is looking for, but whatever it is, we're going to go compete and we're going to put our best foot forward," Emanuel said at a news conference after Wednesday's City Council meeting.

The mayor pointed to obstacles fast-growing companies such as Apple and Amazon have faced as they've outgrown their corporate homes, including sky-high housing costs, and touted Chicago's strengths.

"Nobody wants a second headquarters," Emanuel said. "It has its own challenges, but companies in those coastal areas and their employees cannot afford to work or live where they operate."

If Apple accepts proposals, Chicago has several ambitious development plans at the ready.

City and local leaders late last year compiled in-depth information on 10 potential sites for Amazon's planned second headquarters, known as HQ2, where the Seattle-based firm said it would add up to 50,000 high-paying new jobs.

That thick book could also be used to court other big tenants such as Apple. Of course, there are 237 other North American cities and regions that also submitted HQ2 proposals, so they'd have materials ready as well.

Chicago-area sites proposed for HQ2 include developer Sterling Bay's more than 70-acre Lincoln Yards development along Lincoln Park and Bucktown; Related Midwest's 62-acre site along the Chicago River in the South Loop; the vacant old main post office; 37 acres of riverfront land owned by Tribune Media, north of downtown; and a planned redevelopment of the former Michael Reese Hospital site and adjacent land by a group including Farpoint Development and Draper and Kramer.

Assuming Apple hasn't chosen a location, it would likely benefit from following close on the heels of Amazon's hunt, said site selection expert Steve Weitzner, principal at Cleveland-based Silverlode Consulting



“They’re going to get to leverage all that information that was compiled by places that put together proposals,” he said. “All the information is there, beautifully presented.”

Apple appears to be following Amazon in using a high-profile, public search to win incentives and boost its brand, particularly by tying the campus announcement to broader plans for U.S.

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

“There’s a branding component to all of this, associating the brand with the popular America-first sentiment,” Boyd said. “Americans want to buy goods and services provided by American companies.”

“Apple can be the poster child for this idea of linking tax reform to new jobs and new corporate investment in the states,” he said. “Other companies have announced bonuses, but no company has done anything on this scale.”

Amazon said it would pick a location in 2018, but it has offered few hints about what comes next in its public search. The company is expected to reveal a list of contenders, or possibly multiple rounds paring down finalists.

Google also has long been rumored to be considering creating a new campus in Chicago.

During his podcast discussion with Emanuel, Cook praised the requirement that by 2019 all Chicago Public Schools graduates take a coding class. The Apple leader also said Apple’s new Chicago flagship store would try to partner with city’s 1871 tech incubator, calling it “the mother of all incubators.”



In December, the tech giant announced it would team up with the city to get its coding curriculum into more CPS classrooms and the City Colleges of Chicago. Late last year, Apple opened a new Northern California headquarters, a circular layout that resembles a giant spaceship. Apple,

which said it has 84,000 employees in all 50 states, also has corporate offices in other cities including Austin, Texas.

The Real Deal, a real estate industry magazine and website, on Tuesday reported Apple has agreed to lease an entire 128,000-square-foot building in Culver City, Calif., near Los Angeles. Apple also has data centers in several states. It broke ground on a new one in Reno, Nev., on Wednesday.

Apple, like Amazon, will be looking for office sites with plenty of highly skilled workers, Boyd said. The company will likely consider “usual suspects” like Atlanta, Boston and Chicago. But easy access to air travel could give Dallas and Houston a boost, and Newark, N.J., has been willing to aggressively compete on incentives, he said.

Reno could also emerge as a strong contender, Boyd said, pointing to its proximity to Silicon Valley’s talent pool, favorable tax policies and affordable housing.

Boyd said it’s difficult to say how following Amazon might affect Apple’s search. Cities that already had to work to convince legislatures and to sign off on hefty incentive packages might experience some “Amazon fatigue,” he said. “But it’s not black and white ... these are high-paying jobs every mayor and governor in the country would like to attract.”

Wednesday’s announcement of \$350 billion in U.S. investments comes after Congress recently approved major cuts to corporate taxes. Apple said about \$75 billion of its upcoming contributions to the U.S. economy would come from overseas profits brought back into the country.

“Apple is a success story that could only have happened in America, and we are proud to build on our long history of support for the U.S. economy,” Cook said in Apple’s news release. “We believe deeply in the power of American ingenuity, and we are focusing our investments in areas where we can have a direct impact on job creation and job preparedness. We have a deep sense of responsibility to give back to our country and the people who help make our success possible.”