

Who are the favorites, long shots and wild cards to land Amazon.com and HQ2

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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).

Holzmann 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