

# TAMPA BAY BUSINESS JOURNAL

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# WHAT ARE TAMPA BAY'S CHANCES OF LANDING AMAZON'S SECOND HQ?

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## TAKING IT IN

# Amazon's home away from home could work in Tampa Bay

**I**t's mind-boggling to think what 50,000 jobs would do for the Tampa Bay business community, but as you will read in Ashley Gurbal Kritzer's cover story this week, despite our underdog status it is not an impossible dream.

CBRE's latest "Scoring Tech Talent Report" indicates strong demand for skills such as software development, hardware engineering and information security is driving companies to establish a presence in markets where high-quality talent is most concentrated.

The Tampa Bay region is not among CBRE's "best-value" markets with the highest "quality of talent" in Toronto and Vancouver (in part due to the strong U.S. dollar) followed by Indianapolis, Pittsburgh and Detroit.

But considering the local talent pool, there are promising trends. Tampa was No. 9 on the CBRE ranking when it comes to brain drain or gain; 16,140 tech jobs were added



ANTHONY BOLANTE | PSBJ

Amazon's corporate headquarters in downtown Seattle's South Lake Union neighborhood has seen massive growth over the past decade.

between 2012 and 2016 and less than 6,000 lost – a "brain gain" of more than 10,000. There were 5,800 tech degrees awarded here in a similar time frame. I see other good signs. In the last two

years, more CEOs who I've talked to about talent have said the Tampa Bay area talent pool is an asset not a burden. John Fortino, co-founder of the recruiting firm Velocity Resource Group, relocated to Tampa from Chicago last year in part because he's able to find quality workers for his company and clients.

Daniel James Scott, CEO of the Tampa Bay Technology Forum, has had the same experience. In the last few years, he's seeing more homegrown talent and less whining about a tech skills vacuum across all the four major disciplines: computer programming, software and systems apps, and web development.

He believes it has to do with a confluence of new programs focused on skills. Florida Polytechnic University is now accredited, and with 1,500 students all dedicated to STEM it is expanding its influence. Other programs like Launch Code (its first Tampa class is Oct. 17), the local chapter of Women Who Code and

the locally based Women in Linux are examples.

As you'll read on page 8, entrepreneur Doug Schaedler says the local talent pool has improved, especially with the help of Bay area higher ed institutions. In the past, he had to import management from elsewhere. That's no longer the case.

"We have an amazing tech community and we have so many talented people," Kurt Long, CEO of Fair Warning, told me last year. "But it's dispersed." What the area needs is a "breakout company that is playing on a global stage in the community."

While the lack of transit may ultimately be a deal-breaker, Amazon could be a catalyst or motivating factor to fast-track a transit evolution here.

Coupled with quality of life and climate, cultural assets and many smart, creative people, we at least deserve a hard look.





# IS STAMPAB BIPR PRIMED FOR AMAZON?

Here's how the region stacks up for one of the most competitive

deals in history BY ASHLEY GURBAL KRITZER

The building of Amazon's Seattle headquarters in 2016.







history

BY ASHLEY GURBAL KRITZER



The building of Amazon's Seattle headquarters in 2016.

**A**mazon.com is on the hunt for a second corporate headquarters – a massive deal worth \$5 billion in capital investment and 50,000 new jobs with the potential to permanently alter Tampa Bay's economy, if the project landed here.

The Seattle-based e-commerce giant put out a request for proposals on Sept. 7, seeking sites for a major corporate campus with room to expand in the next 10 to 15 years, up to 8 million square feet. The average annual wage of those jobs, Amazon said, is more than \$100,000 per year.

It is the exact type of economic development deal that Tampa Bay's business and civic leaders are after: Tech jobs that pay more than double the average annual household income in this region, at one of the most prominent, consumer-facing companies in the world.

If Amazon's second headquarters were to land anywhere in Tampa Bay, it would seal the region's fate as an economic powerhouse and finally erase its lingering stigma as a back-office backwater, a place that's a hub for call centers and retirement homes.

It will be an incredibly competitive process; economic developers in the Tampa and St. Petersburg acknowledge this. Both cities have obvious sites to propose: The 85-acre Tropicana Field site, which is primed for redevelopment, and Water Street Tampa, Strategic Property Partners' \$3 billion, mixed-use district in downtown Tampa.

"Most Fortune 500 headquarters – they don't [move] to a market. They're born and grown there," said Craig Richard, president and CEO of the Tampa-Hillsborough Economic Development Corp. "So this is a rare opportunity."

Richard wouldn't comment directly on whether his group will pursue the project; the EDC's policy, he says, is to "not comment on any open and active projects."

J.P. DuBuque, president of the St. Petersburg Area Economic Development Corp., said he will be discussing with his counterparts – including Richard – how to respond to the RFP.

"St. Pete is 100 percent after this," DuBuque said, "and we're going to find the best process, manner that we can present St. Pete as a solution."

The two groups were slated to meet on Sept. 21 to discuss whether a joint bid is feasible. Amazon said in its proposal that it "encourages" the submission of only one proposal per metro area. Proposals are due Oct. 19.

"We really have to work together as a region to sell them why we can support 50,000 jobs," DuBuque said. "Once we sell the region, it becomes a real estate decision."

DuBuque was previously with the Tampa-Hillsborough EDC before he became the first-ever chief of the St. Pete EDC in October 2016.

A joint proposal from both groups, DuBuque said, would be "something this community has never seen before."

"Trust is a big issue when you talk about this type of collaboration," DuBuque said. "Our relationship bodes well for us being able to do something successfully."

The RFP puts most major markets in North America in the running: Amazon says it prefers a metro area of more than 1 million people, "a stable and business-friendly environment" and communities that can get creative with available real estate. It is open to urban and suburban locations, as long as the area is able to attract and retain a talented workforce.





Seattle Amazon headquarters

BLOOMBERG



The new Tampa skyline once Water Street is completed

COURTESY RENDERING



Aerial view of Tropicana Field in downtown St. Pete

AERIAL INNOVATIONS

## HOW TAMPA BAY STACKS UP

In the RFP, Amazon outlines its priorities for choosing a site. There are potentially dozens of sites in the region that could work for Amazon, but for this analysis, we will focus on the two urban developments, Water Street Tampa and Tropicana Field. Both of those sites offer a live-work-play dynamic and walkable urban lifestyle — key for attracting and retaining talent.

### HERE'S HOW THOSE PROPERTIES STACK UP TO THE RFP:

- Proximity to population:** Amazon is seeking a site within 30 miles of a population center. Tropicana Field is roughly 23 miles from the heart of downtown Tampa; Water Street Tampa is in the heart of Tampa's urban core.
- Proximity to international airport:** Amazon wants to be within 45 minutes of a major international airport; both the Trop and Water Street are well within that boundary.
- Proximity to major highways:** Amazon doesn't want to be more than two miles from the highway; both the Trop and Water Street fit that parameter, too.
- Capital and operating costs:** The average full-service asking rate for top-tier office space in Tampa is \$28.46 per square foot, according to Cushman & Wakefield of Florida. Nationally, the average is more than \$37 per square foot for top-tier space, according to Cushman.
- Access to mass transit:** This is one of Tampa Bay's biggest downfalls. Tampa Bay Lightning owner Jeff Vinik — one of the partners behind Water Street Tampa — has said that the region's lack of transit is its "Achilles heel" when it comes to economic development. Amazon wants access to mass transit at its site. Tampa Bay's economic development leaders say they don't think the region's lack of transit disqualifies it. "I don't think anything at this point blackballs Tampa," Richard said. "We have all the necessary ingredients for any headquarters. The most important ingredient is access to talent. We have the talent, and we can attract talent." However, even in Orlando — which has spent \$1.3 billion on SunRail, a commuter rail line — business leaders say the city lacks the kind of transit infrastructure Amazon wants. "Mass transit will need to be enhanced and likely expanded," David Glass, founder and executive producer for digital conference OrlandoIX, told the *Orlando Business Journal*. "We have SunRail, but it doesn't run frequently enough during the day and doesn't run on nights and weekends."
- Building requirements:** The initial phase, which Amazon wants ready by 2019, is at least 500,000 square feet. The company will consider existing buildings and 100-acre greenfield sites that are development-ready with utility infrastructure in place. Amazon is also open to urban infill sites and redevelopment plays. Water Street Tampa includes up to 2 million square feet of office space. Amazon says this second headquarters could eventually grow to 8 million square feet. Water Street's district is within walking distance of the waterfront master plan proposed by Port Tampa Bay — a plan that includes 9 million square feet of new development. It's not been specified, however, how much of that square footage might be devoted to office space. A spokeswoman for Water Street declined comment. The RFP emphasizes Amazon's commitment to sustainable, energy efficient buildings. Water Street is pursuing both WELL and LEED certifications for its buildings and will include a centralized cooling plant. The Tropicana Field site, at the edge of St. Pete's burgeoning Edge district, is essentially a blank slate, DuBuque said. "The good thing for us is that SPP has a lot of planning that's already done, and they're moving forward on it," DuBuque said. "We're still in the formative stages. I think there's probably a lot we can do to customize that development if it made sense for us."

## BEYOND REAL ESTATE

Amazon's RFP outlines its preferences beyond real estate — from economic development incentives to cell phone coverage and fiber connectivity.

If Amazon's expansion of its distribution network is any indication, state and city incentives will be a major part of the second headquarters deal. In Tampa Bay, the company has received incentives for three warehouses: Massive fulfillment centers in Ruskin and Lakeland and a sortation facility in Davenport.

In Ruskin and Lakeland, Amazon has blown past the job creation numbers that were set for its incentive eligibility.

"Amazon is familiar with this market," Richard said. "They've demonstrated success in operating here."

Nathan Jensen, a government professor and economic development policy expert at the University of Texas, told the *Phoenix Business Journal*, a sister news organization, that Amazon's "blanket call" for second headquarters bids is unprecedented and could result in an expensive bidding war.

"But this leads to the 'winner's curse' — the city that wins this competition may forgo future taxes, pay for infrastructure improvements, and offer cash grants to Amazon so large that in real dollar terms, on the whole the winning community may give up more than it gains," Jensen told the PBJ.

In Tampa Bay and throughout Florida, the majority of Amazon's incentives have been in the form of tax abatement and rebates.

## FIERCE COMPETITION

Amazon's RFP has created a frenzy among cities and economic development groups since it went public on Sept. 7. Pittsburgh, which has emerged as a tech hub in recent years — counting Google among its employers — hired a consultant to help pursue the Amazon deal.

After crunching the numbers, the New York Times Upshot declared Denver the best choice for Amazon, with access to talent and mass transit infrastructure among the top reasons.

There's also Austin, Texas, where IBM, Apple and Samsung already have offices, giving it a leg up in terms of access to tech talent.

The Tampa Bay region is certainly an underdog in the fight for Amazon's second headquarters. But between Water Street Tampa, the Tropicana Field redevelopment and potential for economic developers to collaborate, this area is in a better position than it's ever been for landing a mega deal like Amazon.