

What's the Deal By Daniel Lesser *Daniel Lesser, president and CEO, LW Hospitality Advisors, New York City*

Where will Amazon's HQ2 land?

(The views and opinions expressed in this blog are strictly those of the author.)

Amazon has been very public about its search for a second North American headquarters, dubbed Amazon HQ2. When originally announced in September 2017, an enormous bidding war ensued, with 238 cities and municipalities across the United States, Canada and Mexico submitting bids.

Sometime before the end of this year, Amazon is scheduled to announce the winning city, which is anticipated to include over US\$5 billion in construction and as many as 50,000 high-paying jobs. Furthermore, HQ2 is expected to create tens of thousands of jobs and tens of billions of dollars in investment and economic impact in the selected area.

The presence of HQ2 will transform key aspects of the local economy. Existing companies and startups in e-commerce, cybersecurity, big data analytics and other segments will mushroom and generate new demand related to Amazon's suppliers and vendors that will create significant induced hotel room night demand. Furthermore, HQ2 will certainly stimulate foreign visitation and fuel increased international airline traffic to that market.

In 2017, Amazon reportedly produced roughly 330,000 hotel room nights in the Seattle metropolitan area. Irrespective of which locale is ultimately selected, development of HQ2 will likely spur new lodging development. HQ2's footprint is anticipated to generate business year-round, thus helping to fill hotels during shoulder or low periods for the selected metropolitan area.

Pros and cons exist with everything in life. Seattle has a cautionary tale of both the benefits and impediments that can befall the future home of America's ultra-fastest growing company. Considerable downsides for the selected area will likely include a rapid rise of home prices and a dramatic increase of vehicular traffic congestion.

With everything said, the negatives will be far outweighed by the economic stimulus that HQ2 will generate. Where HQ2 will ultimately end up is truly anyone's guess. Of the 20 finalist locations, data from [CNBC's](#) latest study on competitiveness suggests Austin and Dallas could have a strong chance, while other compelling contenders include Atlanta, Boston, Denver, Miami, Nashville and Northern Virginia.

Stay tuned!

8/27/2018