



EXCERPTS OF RECENT MEDIA COVERAGE

## CORPORATE REAL ESTATE'S SITE SELECTION & INCENTIVES PRACTICE

### A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q1 2018

#### BUSINESS INSIDER

##### Crunch time: What Amazon wants for its new HQ

January 18, 2018

This was also featured in The Washington Post, NY Times and a variety of other publications.

WASHINGTON (AP) — Just 20 cities are left standing in the competition for Amazon's second headquarters and the 50,000 jobs it will bring.

Now comes the hard part for the finalists — and for Amazon. Based on the cities that made the cut, and what the company told some of the cities that didn't, the company will likely scrutinize six key criteria when making its final call. It plans to announce its decision later this year.

The 20 cities include Austin, Texas; Atlanta; Boston; New York City; Washington, D.C.; Los Angeles; and Nashville, Tennessee...

[One thing Indianapolis does have going for it, Berube noted, is that city residents recently approved an additional tax to pump millions of dollars into buses and light rail. Most of the other finalists have extensive public transit systems, said Tom Stringer, a managing director at BDO Consulting, who leads the firm's site selection practice.](#)

A large, international airport within 45 minutes is also critical, particularly for frequent flights to Seattle and beyond. That could be a roadblock for smaller cities such as Columbus, Indianapolis and Pittsburgh.

It won't all depend on objective criteria, to be sure. Newark may very well have landed on the list at least partly because it and the state of New Jersey offered \$7 billion in tax breaks and other incentives.

"They're not a half-trillion dollar company for nothing, and they are going to see what they can extract," Berube said.

That might inflict pain in the Washington, D.C. region, which has three locations on the list: The city of Washington itself, suburban Montgomery County, Maryland, and Northern Virginia, a collection of counties to the south of the city. The company could play all three against each other, Berube said.

Toronto, the only city outside the United States to make the cutoff, has said it won't offer tax breaks or other subsidies.



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## CRAIN'S NEW YORK

### New York makes Amazon's HQ2 wish list. Now what?

January 23, 2018

New York City's chances of landing Amazon's second headquarters depend on which of the company's priorities—cost, economic impact, mass transit, diversity and available talent—it deems are most important.

Last week Gotham made the list of 20 finalists for what Amazon calls HQ2, which could bring 50,000 jobs and \$5 billion in investment over a decade to the city it picks. The company is branching out, having outgrown its home base in Seattle, where it employs 44,000 people.

The short list includes Los Angeles and Boston as well, but it is dominated by smaller cities such as Austin, Texas; Columbus, Ohio; and Pittsburgh. Newark also made the cut. They offer lower costs and would allow Amazon to make a greater economic impact on its host—which is one of the retailer's goals.

But few of the smaller cities can meet the criteria of a mass-transit system, and none would offer Amazon as much opportunity to build a diverse workforce, two more of its requirements.

The most important strength of New York is its pool of tech talent, which has fueled the growth here of Google, which now employs 7,000 in the city; Facebook, with 1,000-plus staff members and growing; and thousands of startups.

"There is a real estate cost and a business cost" of location decisions, said Jeff Fronek, director of investments for Rubenstein Partners, co-owner of 25 Kent, a new Williamsburg office building that has been pitched as a home for Amazon. "New York City has shown the ability to attract the best talent—a younger generational workforce."

The large number of cities still in play, their size disparities and their geographic breadth suggest that the list doesn't represent Amazon's real thinking on finalists, said Tom Stringer of BDO's Corporate Real Estate Advisory Services, who has spent two decades advising companies on relocations. He noted that only the biggest cities on the list have the population to staff a headquarters as large as Amazon envisions—which makes New York a contender. Also, Amazon last year inked a deal to put a major operation with 2,000 people at high-end Hudson Yards, a sign that costs are not always paramount.

Stringer said he believes the most likely landing spot is the Washington, D.C., area, which would meet the company's needs and establish a presence that could help it influence federal policy.

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## BUSINESS FACILITIES

### Nikola Motor Company Chooses Arizona For \$1B Investment

January 30, 2018

Also appeared in STL and Construction Equipment Guide.

After spending more than a year looking for the right location, Nikola Motor Company has selected Buckeye, AZ for its new hydrogen-electric semi-truck manufacturing headquarters facility. The new 500 acre, one million-square-foot facility will be located on the west side of Phoenix and will bring more than \$1 billion in capital investment to the region by 2024.

"After 12 months, nine states and 30 site locations, Arizona, Governor Ducey, Sandra Watson and Chris Camacho were the clear front runners. Arizona has the workforce to support our growth and a governor that was an entrepreneur himself. They understood what 2,000 jobs would mean to their cities and state," said Trevor Milton, CEO and founder, Nikola Motor Company. "We will begin transferring our R&D and headquarters to Arizona immediately and hope to have the transition completed by October 2018. We have already begun planning the construction for our new zero emission manufacturing facility in Buckeye, which we expect to have underway by the end of 2019."

Nikola Motor Company selected Buckeye, AZ due to numerous factors including the state's pro-business environment, engineering schools, educated workforce and geographic location that provides direct access to major markets. The company designs and manufactures hydrogen-electric vehicles, electric vehicle drivetrains, vehicle components, energy storage systems and hydrogen stations. It is bringing the nation's most advanced semi-trucks to market with over 8,000 trucks on preorder...

"It was an absolute honor to help bring together a great company and a great state," said Tom Stringer, BDO's Managing Director and Practice Leader for Site Selection and Incentives. "Nikola is poised to implement revolutionary solutions to energy independence and environmental sustainability across the transportation spectrums, while Arizona is the perfect partner-location focused on building the energy and tech industries of the future..."

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## DALLAS NEWS

### Look out N.Y., L.A., and Chicago: The new tax law makes Dallas even stronger

February 16, 2018

The rich will get richer, thanks to the new tax law, and Texas will become an even better destination.

For many years, Texas has been attracting corporations and residents from high-tax states, in part because there's no state income tax and the cost-of-living remains relatively affordable.

The new tax law will make Texas even more attractive, especially compared with California and New York. Those states, along with Chicago, provide plenty of migrants to Dallas already.

Most of the individual and family savings from tax reform are going to high earners. In Texas, three-quarters of the upside will be claimed by taxpayers earning over \$106,000, according to the Institute on Taxation and Economic Policy, a "nonprofit, nonpartisan" research firm in Washington.

To offset those gains — and the hit on the deficit — the law includes a \$10,000 cap on deductions for state and local taxes. That feature can punish some residents in high-tax states but has a more muted effect here, even with property taxes rising fast.

The cap on the so-called SALT deduction will affect just 3 percent of Texas taxpayers in 2019, about 386,000 individuals and families, ITEP estimated. That compares with 9 percent of filers nationwide. In New York and California, 16 percent of taxpayers will face the cap — and their hit will be much higher.

The most extreme examples are among the top 1 percent of earners. For them, the cost of capping the SALT deduction will average just under \$6,000 a year in Texas. The annual hit on the richest in New York will average almost \$107,000, and in California, \$87,000, according to data from ITEP.

"It doesn't apply to everybody, but it matters a lot" to those affected, said Tom Stringer, who lives in Long Island, N.Y. "My world has changed dramatically in the last two months. It's the same for many of my clients and hundreds of their employees."

Stringer is managing director of the site selection and incentives practice at BDO in New York. In that role, he helps companies decide where to expand and relocate, and he believes the tax-deduction cap will eventually have a big impact on that process.

"Is it gonna happen tomorrow? No," Stringer said. "But are the analyses and evaluations happening already? You betcha. And you'll see the impact on relocations in the next three or four years."

States whose residents stand to get hit hard by the deduction cap are scrambling to respond. In California, there's a proposal to count payments over \$10,000 as charitable contributions because

those donations remain deductible. In New York, the governor is considering an employer-side tax to offset state tax liabilities because employer taxes are fully deductible.

"Both proposals are interesting, but unlikely to succeed for both legal and practical reasons," wrote Jared Walczak of the Tax Foundation.

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## LOS ANGELES TIMES

### Amazon second headquarters: L.A. mayor is in 'aggressive pursuit of this opportunity'

April 27, 2018

Amazon.com Inc. is holding regular talks with Los Angeles city and county officials about the region's bid to win the contest for Amazon's \$5-billion second headquarters...

The Los Angeles area meets many of Amazon's criteria and provides access to major shipping ports in Los Angeles and Long Beach. Amazon also already has several distribution and fulfillment centers in Southern California and Amazon's billionaire chief executive, Jeff Bezos, has two homes in Beverly Hills.

But there also is widespread speculation that with three Washington, D.C.-area regions among the finalists, one of them is likely to win. Bezos has a home in Washington, as well, and he owns the Washington Post.

"I don't think Los Angeles is a player for this project simply because there are more strategic aims Amazon is looking for" with other areas, and that "directs you to Washington, northern Virginia and Maryland," said Thomas Stringer, a corporate location specialist and managing director at BDO International, an accounting and consulting firm.

The Washington area would afford Amazon "proximity to the [federal] regulators and potential customers," Stringer said.

Stringer also said it's likely Amazon "has in mind three or five locations that really hit its strategic aims and having the 20 [finalists] is more for show and posturing than anything else." By having added finalists to consider, "it's a chance to make everybody feel good and strengthen some relationships," he said...

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