It's official: Amazon HQ2 coming to NYC, Northern VA

Following a year-plus long public search, Amazon has officially announced the location — or rather, locations — of its second headquarters. True to the reports and rumors of recent weeks, Amazon will be splitting its HQ2 between two locales: Long Island City, in Queens, New York, and an under-development neighborhood known as National Landing in Arlington, Virginia, less than three miles from Washington, D.C.

Amazon says it will bring over 25,000 jobs and invest $2.5 billion in each of the two locales, fulfilling its original stated plan of bringing 50,000 jobs and more than $5 billion of investment to the final chosen site. The company further announced a new “Center of Excellence for its Operations business” that will be constructed in downtown Nashville, Tennessee, and create 5,000 jobs there.

The splitting of the HQ2 may help blunt the impact of Amazon’s arrival and the anticipated rising housing costs its large workforce will bring, which some experts have likened to a “prosperity bomb.”

Photo of the Long Island City waterfront in Queens, NYC. Credit: Luciano Mortula – LGM/Shutterstock

As observers have noted, Amazon already has a sizable workforce in both NYC and the metro

D.C. area, and will enjoy tax breaks in both communities: $1.525 billion in New York and $573 million in Virginia, though it says it will more than make that back up, by providing projected tax revenue of $10 billion and $3.2 billion over 20 years in each location, respectively.

“We are excited to build new headquarters in New York City and Northern Virginia,” said Jeff Bezos, founder and CEO of Amazon, in a press statement issued by the Seattle-based e-commerce giant. “These two locations will allow us to attract world-class talent that will help us to continue inventing for customers for years to come. The team did a great job selecting these sites, and we look forward to becoming an even bigger part of these communities.”

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Rendering of the under-development National Landing neighborhood in Northern, VA, one of two sites chosen for Amazon HQ2. Credit: HQ Nova

A less-than-royal reception in Queens

While Bezos and some residents may be excited for Amazon’s expansion, an Inman report found

that sentiment was decidedly more mixed in Long Island City, Queens, a former industrial and working class community with around 172,000 residents at present, which has experienced rapid new development and gentrification in recent years, with attendant price hikes in rent and listings.

Already, local politicians including newly-elected Congresswoman Alexandria Ocasio-Cortez have called for scrutiny into the Amazon HQ2 plans to ensure they benefit existing residents.

Agents tend to agree that Amazon's arrival means home prices and rents will go up. However, some see effects that could help inventory surpluses in other nearby NYC neighborhoods, namely Williamsburg in Brooklyn, which is about to undergo the more than year-long shutdown and repair of its main public transit artery, the L subway train.

Yair Tavivian, broker and team leader at Douglas Elliman New York. Credit: Douglas Elliman

"In Williamsburg, average 1 beds are at 3K, 2 beds are at 3.7K, and 3 beds are at 4.5K with tons of inventory in the market — the Amazon HQ2 could have a great positive effect on this neighborhood," said Yair Tavivian, a broker and team leader at Douglas Elliman in New York City, in a statement provided to Inman prior to the official selection. "As there is a lot of inventory in price points which are suitable, it's close (train and ferry) and an extremely in-demand and established neighborhood. It could also be a life saver and a huge selling point when the L train shuts down which can bring prices up."

Tavivian noted that the existing inventory in the Long Island City area itself is strong, but may not be enough to accommodate 25,000 new arrivals.

“There are currently 336 apartments for rent in Long Island city and over 500 in Astoria so we have great options there (most of the inventory are rentals, of course, with beautiful buildings and amazing amenities),” he added.

Alex Lavrenov, agent at Warburg Realty. Credit: Warburg Realty

“In a city with a relatively low vacancy rate, 25,000 [new residents] can be a significant influx of people at one time and can cause a shift in the demand in the short term,” observed Alex Lavrenov , an agent at Warburg Realty who has done over 100 transactions in Long Island City and lived there in 2009.

“As for the longer term implications of a company the size and the stature of Amazon, especially one that is a considered a tech giant, could begin to bill New York as the second home for everything tech, and other companies could start to follow,” Lavrenov added. “This would mean there would be an influx of jobs, and therefore an influx of new NYC residents.”

Leonard Steinberg

“In the old days a new Starbucks or Whole Foods was a neighborhood gentrifying alarm. An AMAZON headquarters coming to your neighborhood is a REAL ESTATE REVOLUTION,” wrote Leonard Steinberg, chief evangelist at Compass, the New York-headquartered tech brokerage that has seen mass expansion in the last year. “I do believe that real estate in the Long Island City area would be extremely well served by this. There are hundreds of apartments available to be bought or rented now and in the pipeline.”

Virginia is for Amazon lovers

In Northern Virginia, Amazon will set up shop in National Landing, which the governor of Virginia’s office describes as a “newly-defined interconnected and walkable neighborhood that includes portions of Pentagon City and Crystal City in Arlington County, Virginia and Potomac Yard in the City of Alexandria, Virginia.”

The area has more than 12 million square feet of office space and more than 13,000 residential units, and developer JBG Smith controls over 8 million square feet of said developments, meaning it will make out with a major windfall now that Amazon has selected this site for one half of its HQ2.

Brent Jackson, senior vice president at TTR Sotheby’s International Realty and one of the two leaders of the top-producing D.C.-area team The Rob & Brent Group, says that the reports of Amazon closing in on the area for its HQ2 have already had an impact on local real estate. Jackson said that the “activity is through the roof” on the properties he’s listing in Crystal City and Potomac Yard.

Brent Jackson of The Rob and Brent Group at TTR Sotheby’s International Realty. Credit: The Rob and Brent Group

“The activity picked up to 2 to 3 weeks ago,” Jackson told Inman. “Before we were doing 1 to 3 showings per week, now we’re doing 1 to 3 a day.”

Jackson said that he was further getting calls and inquiries from investors — locals and out-of-staters from the West Coast — looking to purchase properties and rent them out to Amazon employees and others who migrate to the area in service of the e-commerce giant. He said one investor made an offer on a property price unseen.

As for the effects on the cost of housing, Jackson said price increases were inevitable.

“In the short term: yes, without getting into economy and interest rates, I think there will be some really strong activity.” he told Inman. “The Amazon announcement will have buyers looking to get off the fence and get in and convince some sellers to list. In the mid-term, one to three years, it will kind of level out as excitement wears off. But long term, looking at Seattle, you saw 20 to 30 percent increases over the decade, so I think we will see a similar increase here.”

That said, Jackson did not foresee an inventory crunch anytime soon.

“Crystal City is very dense but it’s very commercial, so there’s not a whole lot of residents,” he told Inman.

Email Carl Franzen

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