

Long Island City a Winner in Amazon HQ2 Competition

After months of intense competition, Amazon announced that it had selected two locations to serve as additional “headquarters”. The firm announced with great fanfare on September 7, 2017 that it had commenced a search for a second headquarters, triggering a frenzy among a number of cities nationwide which sought to secure Amazon's nod and the estimated 50,000 new jobs that would come along with it. The November 13th announcement revealed that the company will split its new headquarters (“HQ2”) between Crystal City in Arlington, Virginia, just outside Washington DC, and Long Island City in Queens, New York. Moody's Investors Service commented on the announcement in a Sector Comment released on November 15th.

Moody's noted that the “HQ2 selections are credit positive for the two metro areas because they will gain significant high-wage employment, capital investment, and associated economic multiplier effects. Amazon's choice also highlights the areas' competitive advantages that make them attractive for future investments, including the availability of young, highly skilled labor pools and a high quality of life.”

In announcing the two locations, Amazon confirmed its intentions to hire a total of as many as 50,000 employees at an average, annual salary in excess of \$100,000. Moody's added “The addition of high-wage employment opportunities in already tight labor and housing markets will increase demand for both people and housing, pushing salaries and local property values higher. We also expect to see increased spending on goods and services, all of which should drive meaningful increases in tax revenue to local governments in both areas. Both New York City and the District of Columbia collect income taxes, which will also see growth. Virginia's moderate personal income and corporate income taxes likely made it an attractive option for Amazon, in addition to Crystal City's close proximity and transit access to the area's airports and intercity rail.”

HQ2 is expected to create a significant increase in demand for residential and commercial real estate in both the Washington, D.C. and Long Island City regions as Amazon invests what could be a total of \$5 billion to develop its new facilities. Accompanying the Amazon development will be publicly funded infrastructure improvements in roads, mass transit and utilities – all of which were promised by the host communities to secure the Amazon selections. In the weeks following Amazon's announcement, CNBC reported that the Queens, waterfront neighborhood with its spectacular views of Manhattan just across the East River, has seen a spike in demand from potential new residents accompanied by concerns of current residents who worry about overcrowding and an overwhelmed mass transit system.

Moody's reported that both winning jurisdictions offered Amazon tax incentives and other benefits to garner the firm's favor with New York State promising “\$1.5 billion over 10 years if the company meets certain job creation and wage thresholds...” Only time will tell if the selected sites truly benefit in the long run from their selection by Amazon.

MMD GENERAL OBLIGATION INTEREST RATES

	Today - December 3, 2018					1 Month Ago - November 2, 2018					1 Year Ago - December 4, 2017				
Term	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	1.84%	1.85%	1.93%	2.03%	2.30%	1.96%	1.97%	2.05%	2.15%	2.42%	1.25%	1.27%	1.35%	1.45%	1.72%
5	2.14	2.21	2.40	2.52	2.84	2.33	2.40	2.59	2.71	3.03	1.72	1.83	2.01	2.13	2.44
10	2.51	2.68	2.85	2.98	3.34	2.77	2.94	3.11	3.24	3.60	2.05	2.24	2.42	2.54	2.89
15	2.79	2.99	3.15	3.28	3.67	3.07	3.27	3.43	3.56	3.95	2.34	2.55	2.73	2.85	3.21
20	3.05	3.26	3.39	3.55	3.92	3.29	3.50	3.63	3.79	4.16	2.55	2.76	2.92	3.05	3.38

RECENT CMA CLIENT SALE RESULTS

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Westchester County	Bonds	\$ 183,565,000	29-Nov	11 yrs.	2.50%	Mesirow Financial, Inc.
Croton-On-Hudson Vil.	Bonds	\$ 714,000	28-Nov	15 yrs.	3.06%	SAMCO Capital Market
Riverhead Town	Ref. Bonds	\$ 33,275,000	20-Nov	12 yrs.	2.55%	Janney Montgomery Scott LLC
Valhalla UFSD	BAN	\$ 4,415,409	20-Nov	12 mos.	2.29%	Oppenheimer & Co.
Sleepy Hollow Village	BAN	\$ 7,425,857	15-Nov	12 mos.	2.30%	Jefferies LLC
Harrison Village	Bonds	\$ 18,626,600	6-Nov	26 yrs.	3.64%	UBS Financial Services, Inc.
Syracuse City	RAN	\$ 42,600,000	1-Nov	8 mos.	2.21%	TD Securities (USA) LLC