

Tesla's new \$1.1 billion Austin factory could drive headquarters into city

By John Egan - Jul 23, 2020



Tesla is driving into town with a \$1.1 billion factory. Photo courtesy of Galleria Dallas

Electric vehicle manufacturer Tesla revealed July 22 that it has picked Austin for a \$1.1 billion factory that'll employ at least 5,000 people.

The plant, encompassing 4 million to 5 million square feet, will be situated on about 2,100 acres along the State Highway 130 toll road near Austin-Bergstrom International Airport. Travis County

and the Del Valle Independent School District approved about \$60 million in tax incentives for the Tesla plant.

With that trophy now in hand, the Capital City might be in line for another economic development prize — the automaker's headquarters.

Billionaire Elon Musk, co-founder and CEO of Tesla, has hinted that he might relocate his company's headquarters from Silicon Valley to Texas. The decision to build Tesla's next plant here boosts the odds of the HQ moving to Central Texas, a site selection expert says.

The factory announcement means Tesla's headquarters "is certainly in play, and Austin needs to keep on its game face," John Boyd Jr., a corporate site selection consultant in New Jersey, tells CultureMap. Austin, he adds, "is clearly is a top contender for what we have termed the holy grail of business attraction — the corporate headquarters."

Boyd points out that Tesla's current headquarters staff is scattered among several offices in Silicon Valley, which he says is "not an efficient scenario." Not only would consolidating the HQ staff at a single location in Austin cut costs, Boyd says, but it also would put Tesla executives within roughly a three-hour nonstop flight from each coast.

For now, government and business leaders in the Austin area are celebrating their win over Tulsa, Oklahoma, in securing the new Tesla factory.

"We're going to make it a factory that is going to be stunning. It's right on the Colorado River," Musk said July 22 during Tesla's quarterly earnings call with Wall Street analysts.

Musk says work on the site in eastern Travis County got underway last weekend. He promises the site will feature a boardwalk and hike-and-bike trails that'll be open to the public.

"It's going to basically be an ecological paradise — birds in the trees, butterflies, fish in the stream," Musk said on the earnings call.

Tesla's second auto manufacturing factory in the U.S. will produce the new Cybertruck pickup truck, along with Model Y SUVs, Model 3 luxury cars, and heavy-duty Tesla Semi trucks. The company's other U.S. auto factory is in Fremont, California. It also operates auto manufacturing plants China and Germany.

The Greater Austin Chamber of Commerce estimates that for every one job created at Tesla's new "Gigafactory," another four jobs will be generated in the region. In the end, that could amount to 25,000 Tesla jobs and spinoff jobs in the Austin area.

"Tesla's decision to locate its newest Gigafactory in Austin will expand and enhance our innovative culture while also providing new and exciting career opportunities for all segments of our Central Texas workforce," Gary Farmer, chairman of the Greater Austin Chamber of

Commerce's Opportunity Austin initiative, says in a July 22 release. "The company's pioneering spirit and advanced manufacturing technologies will be instrumental in our region's economic recovery and our sustainable growth for the longer term."

Tesla indicates the average annual salary for workers at the plant will be \$47,147, with minimum pay set at \$15 an hour. Austin Mayor Steve Adler notes that the factory will provide thousands of well-paying jobs that won't require a four-year college degree.

"Tesla's Gigafactory Texas will keep the Texas economy the strongest in the nation and will create thousands of jobs for hard-working Texans," Gov. Greg Abbott says in a July 22 release.