

With potential HQ move to Texas, TikTok may expand in Austin, but Dallas ‘cannot be ruled out’



By Brian Womack – Staff Writer, Dallas Business Journal – September 21, 2020

If TikTok makes a move to Texas with its headquarters, Austin could very well come out on top, though the Dallas area may be a contender.

The state’s capital already has its advantages with a sizable presence of consumer-focused companies that include Apple and Facebook. TikTok has opened an office there and has hired people.

“I would think Austin and its high growth sub-markets to be front runners,” said John Boyd, principal, The Boyd Co., which provides location consulting.

Yet North Texas wouldn’t be clearly out of the running. It’s an area that’s been attracting more interest from tech companies – and it boasts a massive tech workforce.

“Dallas cannot be ruled out at this point,” Boyd said. “Tech-centric Dallas sub-markets like Richardson, Plano, Frisco and Irving could very well meet the demanding requirements of a TikTok head office and operations center.”

The speculation game is on after news over the weekend about a new deal involving TikTok after months of talk about what could happen to the app. The service that’s used on smartphones has grown popular around the world – especially among teens – with its quirky tools and slick video tricks. It’s among the top services in the iPhone App Store and on Google Play.

All sides have agreed that Oracle and Walmart would take a combined 20 percent stake in TikTok Global, the new U.S.-based company planned as part of deal to save the app from a ban threatened by President Donald Trump over national-security concerns, according to *The Wall*

Street Journal on Monday. However, the structure of the remaining stake was being disputed, it reported.

Trump told reporters Saturday the deal would result in a new company that will likely be based in Texas. The state location would likely hire "at least" 25,000 people, Trump said.

"Austin would be the obvious choice for TikTok to establish its headquarters," said Bryan Chambers, vice president of Accelerator and Investment Fund at Capital Factory. "The creative culture of Austin's community and density of a large and young college population create stronger alignment with TikTok."

North Texas? "It's got a chance, but I don't think it is very likely to occur," Chambers said. He noted DFW is one of the most competitive markets out there. "Dallas has a much stronger history of B2B startup and corporate alignment," he said.

The region is huge by raw tech jobs, ranking No. 7 nationally, according to Cyberstates report by CompTIA for 2019. Austin, which has a smaller metro, was No. 18.

Yet the economic impact of the sector on its local economic area is nearly 24 percent, putting it at No. 4 in the country. North Texas is much more diverse and ranks No. 14.

Austin has been ahead of the Dallas area in other ways. A KPMG report earlier this year said the state's capital was No. 11 around the world on a list of the most promising source of disruptive technologies that are outside of the Bay Area of California, according to a new report by KPMG. Dallas came in at No. 19.

The Austin region has seen major tech investments recently. Apple has broken ground on its \$1 billion North Austin campus. It is expected to house 5,000 employees when it opens in 2022, with capacity to eventually fit 15,000 people. Facebook has been hiring as has Google, part of Alphabet. Oracle itself opened a new office in 2018.

"Apple adds to Austin's strong precedent of consumer-oriented tech base," Boyd said, noting Williamson County, where the iPhone maker is expanding, could be where Oracle and Walmart look for a new headquarters.

Early this year, TikTok quietly opened an office downtown and had less than 100 employees in Austin by August. Media outlets began reporting on Aug. 9 that it had plans to hire hundreds in the city. TikTok has since stated that it had committed to creating 10,000 jobs across the country in the next three years, including 2,000 in Texas.

Gov. Greg Abbott tweeted Saturday that he pitched Trump on moving the TikTok headquarters to the Lone Star State: "Today I talked to @realDonaldTrump about the @tiktok_us deal. I let him know that if he approves the deal Texas would be the perfect place for the HQ. We'll see."

TikTok has offices in the New York and Los Angeles areas as well, among others.

Whatever city might get the potential headquarters would be a “big deal,” Chambers said.

“Companies with the growth and momentum of TikTok can change and reshape a city, even as big as Dallas,” he said. “When these types of startups/scale-ups establish a presence it creates a source of ‘gravity’ for others to show up or even relocate. That talent imminently cycles out of the company and goes on to take their knowledge, talent, and resources to new, local companies.”

A multibillion education fund could benefit large swaths of folks as well, according to a report in *The Washington Post*.

“Having another large tech company move to Texas is only accretive to the overall ecosystem of engineers and others who value the startup life,” Felipe Mendoza, managing director of Aristos Ventures in Dallas.