

AUSTIN BUSINESS JOURNAL

Austin stands out in race for potential \$17B Samsung chipmaking plant, site selector says

Talent, business climate and longtime presence are pluses for Texas capital



Samsung's Austin computer chip plant is at 12100 Samsung Blvd., off Parmer Lane and about 3 miles east of I-35. The company recently bought and rezoned the land around what's pictured here.



By Kathryn Hardison – Staff Writer, Austin Business Journal - Jan 26, 2021

Austin may be in the driver's seat in the competition to land a potential multibillion-dollar chipmaking plant for Samsung Electronics Co.

Samsung is reportedly looking to make an investment of up to \$17 billion in its next U.S. facility, with eyes on Austin, Phoenix and upstate New York as possible sites, according to national news reports.

A site selector whose firm works with major global companies on relocations and expansions said Central Texas stands out because of its local talent and Samsung's long presence in the Austin area.

"Austin should be a much easier sell versus upstate New York or Phoenix," said John Boyd Jr., principal at New Jersey-based site selection firm The Boyd Co. "Samsung has a long history in Austin, and it has a solid reputation as an employer of choice."

Samsung established an Austin presence in 1996 and opened its first fabrication plant in 1997. It has expanded its campus over the years, and now has roughly 2.45 million square feet on 300 acres, where about 3,000 people work. The Korean technology giant has helped make Central Texas a hub for semiconductor production, along with other big companies such as NXP and Applied Materials.

Samsung Austin Semiconductor LLC also recently purchased 250 acres surrounding its current campus off East Parmer Lane, which company officials have said is for strategic planning purposes.

Tech companies, including manufacturers, have been pouring into Central Texas in recent months, many pointing to the city's flourishing local talent pool and relatively lower cost of living compared with Silicon Valley. Texas' business-friendly environment and lack of income tax are likely to play into Samsung's choice, Boyd said, on top of incentives that may be offered by the state.

Boyd said this puts Texas in a much better position than New York, which Albany Business Journal reported in December was facing a roughly \$14 billion budget deficit for the current fiscal year. "The state's ... hemorrhaging people. It's hemorrhaging talent," Boyd said of New York. "From an HR standpoint, Austin is an infinitely easier sell than anywhere in upstate New York when it comes to attracting the types of tech talent that Samsung wants to hire."

Gov. Greg Abbott's office declined to comment on any potential incentives offers that may be in the works, but Abbott tweeted on Jan. 22 that the Samsung news was another example of "potential explosive economic growth that Texas sees on its horizon."

Samsung Austin Semiconductor already has a history of local incentives. As of July 2019, it had received roughly \$65 million in tax rebates from Travis County since 2009, more than any other company, according to past ABJ reporting.

The company has also been known as a good corporate citizen in the Austin area, especially for workforce development efforts — another factor in favor of the Texas capital, Boyd said. For the last two years, Samsung has been recognized for philanthropy in the Austin Gives Generous Business Awards put on by the Greater Austin Chamber of Commerce.

Other potential sites

After buying hundreds of acres last year next to its current plant, Samsung Austin Semiconductor in December received approval for the land to be rezoned. Documents previously filed with the city indicated the land could one day be used for expansion, although there were no imminent plans.

Michele Glaze, director of communications and community affairs for the company, said in a comment on Jan. 26 that no decisions had been made.

This map shows the land that Samsung Austin Semiconductor recently purchased.

Glaze previously told ABJ that the rezoning requests were part of the company's strategic plan "to remain flexible in making business decisions."

The company also wants to realign and rebuild Samsung Boulevard — the road that runs through the campus — and is asking to vacate some right-of-way. Council will consider that request at its Jan. 27 meeting. Glaze said the newly constructed Samsung Boulevard would be wider and include protected sidewalks and bike lanes. If approved by Council, road construction could start in 2021 and continue through 2023.

Bloomberg reported that Samsung plans to start construction on the multibillion-dollar plant within the same timeline, starting this year and commencing operations as early as 2023. The WSJ reported that the plant could create 1,900 jobs and would open by October 2022.

But, even if the plant were to land in the Austin area, it's unclear whether it would be next to the current Samsung campus or somewhere else.

The WSJ also reported that discussions about development incentives for the project were on agendas of "public entities in Austin and the nearby city of Taylor" by press time, although ABJ could not verify that by the time this story was published.

Phoenix has also become a growing manufacturing and semiconductor hub, Boyd said. Intel Corp. has operations in the area, and Taiwan Semiconductor Manufacturing Co., or TSMC, is investing \$12 billion into a manufacturing plant in north Phoenix. Bloomberg reported that Samsung's new plant would be a way to invest in nanotechnology and to compete with TSMC, an industry leader.

A source familiar with the site search confirmed to Phoenix Business Journal that Samsung is eyeing sites in that area, including an 1,100-acre site in Goodyear, Arizona, that the city recently designated a foreign trade zone.

"From a timing perspective — and a competitive one — I don't think Samsung would want to go into the Phoenix market right now on the heels of the (TSMC)," Boyd said.

Taiwan Semiconductor Manufacturing Co. purchased over 1,100 acres in Arizona for its new plant.

“These are massive, land-intensive projects,” Boyd said. “The real estate portion, typically, is the last piece of the puzzle. It’s really about the skill sets that make the Austin labor market that attractive, and there’s plenty of land in the outlier communities.

“The idea that they’ve been acquiring land — that’s certainly a positive endorsement of their experience in the Austin market.”