



Site selection expert on why Austin may be a fit for a \$17B Samsung semiconductor plant

Samsung already has one plant that employs thousands of Austinites in northeast Austin, off of Parmer Lane

Louis de Leon - January 28, 2021 - AUSTIN, Texas - Reports out from the Wall Street Journal and Bloomberg Technology point to the possibility of Austin being considered for a \$17 billion semiconductor plant by Samsung Electronics.

Samsung is considering multiple sites near Phoenix, along with sites in New York and Austin, according to the Wall Street Journal. The report adds there were two locations in and near Austin that Samsung was scouting.



A Bloomberg Technology report said the potential Samsung site, which would have the capability to produce chips as advanced as three nanometers, would cost \$10 billion. The Bloomberg report

also said that while plans are currently in the preliminary phase, the goal would be to start construction in 2021, install major equipment by 2022 and begin operations as early as 2023.

Samsung is no stranger to Austin, as it already employs thousands in the area, including the Samsung Austin Semiconductor, which has been called one of the most advanced semiconductor fabrication facilities in the world.

Michele Glaze, director of public relations and principal of professional communications and community affairs for Samsung, told KVUE on Thursday they have a site workforce of 10,000 employees, 3,000 of which are direct employees and 7,000 who are indirect contractors, partners and vendors.



Credit: Andrew Sanchez Samsung's facility in North Austin off Parmer Lane.

KVUE asked Glaze about the recent plans and reports for the potential site. The only comment Glaze could provide was, "No decision has yet been made."

KVUE also reached out to the City of Austin's Economic Development Department for comment. A spokesperson said that the City of Austin does not comment on economic development prospects.

But a site selection expert believes Austin could be the right fit.

Why Austin?

KVUE spoke to John Boyd, the principal of The Boyd Company, a firm that specializes in corporate site selection. His firm's clients include companies like HP and Dell. The firm has been active in Texas over several years.

"You have a terrific state business climate; you have a high in-migration rate of talent leaving the Bay Area to reduce their cost of living, to reduce their tax burden; you have a such a strong industry cluster of major technology companies – companies like IBM, Facebook, Google, Cisco, PayPal, of course, most recently Oracle and Tesla," Boyd said. "You know, any time there's a precedent of a successful company like an Oracle or a Tesla or an Amazon, which has been expanding and, of course, the potential Samsung expansion, that really sends a message to the global site selection community that there's a winning formula in Austin."

He adds that while Samsung has already established itself in the Austin market, it could prove to be more of a reason to continue to expand.

"Samsung has been an employer of choice in the Austin market for a long time. It's been a passive member of the community. It's been proactive on social impact causes like workforce development," he said. "Those investments, including recent real estate acquisitions, indicate an overall endorsement of the labor market and on the community – that has to be perceived as a leading indicator that you'd look at it and say, 'Gee, that's indicative of them choosing to do this expansion in Austin.'"

Among the reported list of candidates for the expansion include sites in Arizona. Boyd notes that TSMC, one of Samsung's competitors, recently approved a multibillion-dollar project there. CNN Business reports that TSMC's semiconductor plant was \$12 billion.

"You have to think it would be unlikely for Samsung to want to compete in that same labor market and compete with respected and intellectual property and those concerns, because look at, you know, TSMC is one of Samsung's major competitors and their battle for market share with companies like Apple," Boyd said.

Overall, Boyd said there are some factors that may point to Samsung planning something in Austin.

"A lot of it is reading tea leaves. But I think if you look at some of the indicators that we've seen – the land acquisition, the zoning efforts to get the land rezoning – I mean, that's clearly indicative of a project in the later stages where it's really got to be the real estate component," he said.

This week, the Austin City Council approved an ordinance that would allow vacating two tracts of right-of-way known as part of Samsung Boulevard. The two tracts are on two opposite sides of the current Samsung plant, which combined total 11.06 acres. But there is no word yet as to whether that has anything to do with any potential expansion.