



Samsung could pour more money into Central Texas as it plans \$205B global investment

Sources said a local expansion may be on Samsung's radar outside of its upcoming \$17B plant



Samsung Austin Semiconductor factory pictured June 28, 2021, off East Parmer Lane. Arnold Wells/ABJ



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Samsung plans to invest more than \$205 billion globally in capital expenditures and research and development over the next three years, and some of that investment could land in Central Texas.

The South Korea-based conglomerate announced the new investment strategy Aug. 24, and though the company didn't break down the plan by business division, the Wall Street Journal reported that a large part of the \$205 billion would likely go toward Samsung Electronics Co.'s semiconductor operations. Some funding will go toward advancements in biotechnology.

Bloomberg reported that Samsung is setting aside 180 trillion won, or \$154 billion, for investments in its home country alone. Globally, 40,000 people could be hired over the next three years, according to Bloomberg.

Prior to the Aug. 24 announcement, multiple sources told Austin Business Journal that Central Texas will likely land a Samsung investment separate from the \$17 billion chip factory that has grabbed international headlines this year. That's not to say that Central Texas is out of the running for the new chipmaking plant or that a separate project has already been nailed down. Instead, sources said company officials have expressed interest in continuing to expand Austin operations in the future regardless of any site selection decisions that are made for the upcoming project, though conversations seemed to be in very early stages by publication time.

Samsung has had a manufacturing campus in North Austin for 25 years. Its 2.3-million-square-foot factory supports 10,000 jobs, including roughly 3,000 Samsung employees.

Samsung spokesperson Michele Glaze said in a statement that no decisions had been made by publication time for the \$17 billion investment, adding: "Any comments from sources are purely speculative. We are always hopeful for additional investments, however, no plans are currently underway."

For a full timeline of Samsung's site selection process in Central Texas, which includes interest in the small town of Taylor, go here.

It's also likely that the three locales under current consideration for Samsung's next chipmaking plant — Central Texas, Phoenix and upstate New York — could be contenders for additional investment in the future, sources said, especially as the company races to keep up with competitor Taiwan Semiconductor Manufacturing Co. Reuters reported earlier this year that TSMC is pouring \$100 billion into facilities worldwide over the next three years.

There are also several initiatives on the federal level to incentivize domestic semiconductor activity. Future funding for one of the initiatives, the CHIPS for America Act, is a critical piece to future Samsung investment, executives have said.

"It's exciting to see Samsung committed to competing against TSMC and other semiconductor companies," said Ed Latson, executive director of the Austin Regional Manufacturers Association. "This investment will enable them to stay at the leading edge of the foundry business."

Latson declined to comment on whether he was aware of any additional Samsung projects under consideration in the Austin area.

"Regional leaders need to be aggressive in doing what it takes to ensure a significant portion of the \$205 billion investment ends up in Central Texas, as well as the \$17 billion project," Latson said. "Samsung has been an ideal corporate citizen, and if they chose to locate their premier factory here, it would have a tremendous economic impact in schools and in the community, and also strengthen our identity as a leading technology hub."

Samsung Austin Semiconductor last year purchased more than 250 acres around its existing campus. That's where the company could build its next chipmaking facility if Austin were chosen for the \$17 billion project, or sources said this could be the landing spot for another project down the line.

A decision on Samsung's \$17 billion plant may be announced in the coming months. If Central Texas is picked, it would have a massive impact on the region's semiconductor sector, from attracting new companies to causing those already here to expand.

John Boyd Jr., principal at Boca Raton, Florida-based site selection firm The Boyd Company Inc., agreed that Central Texas may benefit from Samsung's future investment plans. WSJ reported that Samsung is also working towards playing a bigger role in Covid-19 vaccine production.

"Samsung's planned expansions in chip production should be welcome news for Central Texas — given the company's large investments in the Lone Star State," Boyd said in a statement. "Samsung would find Texas a cost-effective market with excellent skill sets to compete with rivals like TSMC and Intel — both of which have recently announced major expansions in the Phoenix market."

Boyd said Central Texas could be a landing spot for Samsung's future investments in biotech, given operating costs savings compared with the San Francisco Bay Area, a longtime hub for that kind of economic activity. Boyd also referenced a recent BizCosts.com analysis by his firm, which found Austin is the second most cost-effective life sciences hub in the U.S. behind Raleigh-Durham, North Carolina.