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As markets shift, big office campus near Apple won't expand until anchor tenant is landed

7700 Parmer destined for mixed-use future — but owner isn't in a rush

Here's how 7700 Parmer looks today. It has nearly 1 million square feet of office space — but could add more office buildings plus multifamily residential and retail space in the future. Google Maps

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Starting at the existing Samsung Electronics Co. Ltd. fabrication plant, a trip up Parmer Lane in North Austin takes a driver past outposts of major technology companies, eventually reaching two campuses for Apple Inc.

That is unsurprising, said Aquila Commercial LLC Principal David Putman. This part of the metro still has large swaths of available land, plus proximity to both the city of Austin and growing suburban communities with more housing supply and highly rated school districts. Parmer Lane crosses multiple highways and major thoroughfares for speedy travel.

For tech company looking for a large campus, the area near the border of Travis and Williamson counties is an alluring place. And less developed Williamson County has an edge, Putman said.

"I think if somebody wants a campus environment, Williamson County offers more options than Travis County," he said. "It's an interesting time but the benefits of Williamson County are pretty desirable."

That's what Putman and his colleagues have seen at 7700 Parmer, which is just north of the newer Apple campus and managed by Aquila. The 138-acre business park is fully leased by tenants including Google Inc., Paypal Inc., eBay Inc., Deloitte, Electronic Arts Inc. and Polycom Inc. 7700 Parmer is owned by Florida-based Accesso Partners LLC and has 955,000 square feet of office space across four buildings originally built for Motorola.

But the sprawling, suburban-style 7700 Parmer could radically grow in the future, with more office buildings plus apartments and retail space replacing surface parking lots. In 2018, Accesso received approval from Austin City Council to amend a planned development agreement to add another 800,000 square feet of office space. In 2020, the owner secured the zoning necessary to also add 1,800 multifamily units, a 340-room hotel and 80,000 square feet of retail space.

Those plans are still on track — Putman said a site development plan was approved this summer for the 800,000 square feet of offices and six buildings. But Putman and his team are looking for an anchor office user before breaking ground. While they've seen strong demand for the development, shifts in market trends and a looming economic recession mean they're in no rush.

"Given the current economic uncertainty, we're kind of in a holding pattern to build anything until we have a user in tow," Putman said, adding that they can accommodate a user that wants a single or multiple buildings.

What the changes boil down to is the fact that they mostly cater to the tech industry. The sector has seen a rash of layoffs at companies like Twitter Inc., Amazon.com Inc., Meta Platforms Inc. and Cisco Systems Inc., while others such as Apple have reportedly frozen hiring. They're also managing shifts in market trends, like companies downsizing on office space as more employees push to work from home.

"The disconnect has been that the employees prefer working from home and the employers want to have their employees in the office," he said. "The demand for the employees has been so competitive that the employers have had to essentially accommodate the employees. The employees are driving the bus."

Williamson County is already home to the headquarters of Dell Technologies Inc., the new Apple campus and a $17 billion Samsung plant that's under construction in Taylor, plus the HQs of smaller publicly traded technology companies such as Firefly Aerospace Inc., Hyllion Holdings Corp. and Ayro Inc. Large data centers are being built, by Skybox Data Centers LLC in Hutto and Switch Inc. in Round Rock. And big spaces for corporate uses are being carved out in mixed-use projects such as the $2 billion Pearson Ranch near 7700 Parmer, and Wolf Lakes Village project in Georgetown.

It's gotten to the point that some, like Williamson County Judge Bill Gravell, envision the county becoming the "technology superhighway of the world." John Boyd Jr., principal at Florida-based site selection firm The Boyd Company Inc., said it's one of the globe's most desirable areas for corporate projects.

"That real estate has been identified by some of the nation's premier site-seeking companies and other commercial real estate advisers," Boyd previously said. "Clearly with the Samsung project, we expect that area to really be a new center of gravity for the types of industries that rely upon chips today, from household appliances to consumer electronic products to the booming [electric vehicle] sector."

What Putman thinks will set 7700 Parmer apart is the amenities they offer on site, like an auditorium, food hall, fitness center, basketball and sand volleyball courts and running trails. Employers are interested in nicer offices that have amenities to incentivize employees to come into the office.

"One thing that we are seeing is the groups that are looking at it really are excited about the amenities because they are trying to get their employees excited about coming back to the office. Having a full suite of amenities is a differentiator," he said. "It's pretty unique in the market and we're seeing demand that is receptive to that value proposition because they want to be able to offer those amenities."

But he said they're stuck in a holding pattern until the big users figure out how they want to use space going forward.

Near Apple's $1 billion campus, developers plan to transform parking lots into mixed-use development at the 7700 Parmer business park in North Austin. Accesso Partners LLC

"Most requirements are less size than they were a year ago," Putman said. "Everybody is trying to figure out how much space they need going forward. Nobody really knows."

In the meantime, he thinks that the balance between remote and in-office work is already changing. He's optimistic the market will reflect that.

"My sense is that they're here to stay but they may not need as much space going forward," Putman said. "At least they're trying to figure it out. ... In a year or two they can wake up and that can change. That's the hope."