

CAREER & WORKPLACE

## I-35 CORRIDOR LOOKS TO MAKE A LEAP

SA and Austin look to cash in on megaregion game plan

San Antonio and Austin signs on Friday, March 1, 2024, in San Antonio.

GABE HERNANDEZ | SABJ



By W. Scott Bailey – Senior Reporter, San Antonio Business Journal  
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Humility isn't a common trait among communities engaged in the high-stakes recruitment of companies and talent. Yet, three years ago, amid a global health crisis that had shaken San Antonio's economy, there was a moment of self-assessment that altered this city's economic development playbook.

Compared to peers such as Austin, Denver and Nashville, San Antonio lacked strategy and funding.

"We don't stack up well with those top-performing economies," the CEO of what was then the San Antonio Economic Development Foundation, Jenna Saucedo-Herrera, said.

In the summer of 2021, the group rebranded as greater:SATX and a year later it had raised nearly \$40 million to back a multiyear, regional recruitment plan that now includes Austin among its allies. The organization has teamed with Opportunity Austin and other stakeholders in nearby communities on a multiyear regional plan backers believe could pay major dividends.

There are also some skeptics who wonder if San Antonio can work in tandem. And there are well-connected leaders who believe that San Antonio's road to riches runs south — to Corpus Christi, Laredo, the Rio Grande Valley and Mexico.



Image: San Antonio Business Journal

*CEO Jenna Saucedo-Herrera of greater:SATX says she believes economic alignment with Austin would offer San Antonio an opportunity to attract large-scale deals.*

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## **Merging multimarket assets**

The Interstate 35 corridor that connects San Antonio and Austin has become a magnet for investment and development. Saucedo-Herrera believes there is an opportunity through an economic alignment with the Capital City and other smaller communities in the area to chase larger deals and spread the wealth.

“International is where we think we have the best opportunity to align,” she said. “We know what our target industry alignment looks like.”

Automotive and chip manufacturing, along with cybersecurity and the life sciences, are among the areas stakeholders expect a megaregion recruitment effort could pay dividends. The spinoff jobs and investment, they insist, could spread beyond San Antonio and Austin.

Joshua Schneuker, director of economic development for the city of Seguin and executive director of the Seguin Economic Development Corp., said that community is in a sweet spot geographically. It’s close to San Antonio, where U.K.-based JCB, for example, plans to invest more than a quarter-billion dollars in a new manufacturing plant. It’s also connected with Austin via State Highway 130, which runs past Tesla’s expanding operations and is drawing new development.



Image: San Antonio Business Journal

*Josh Schneker, executive director for Seguin Economic Development Corp., believes his municipality will benefit from megaregion alignment and development.*

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“I think, at the end of the day, we'll be a huge beneficiary,” Schneker said.

New Braunfels is taking a similar approach as a participant in the regional plan.

“What is clear is that we need to work together,” Greater New Braunfels Chamber of Commerce President and CEO Jonathan Packer said. “I'm extremely supportive of that effort to communicate, partner and plan together.”

### **Cooperation vs. competition**

Thomas Tunstall, senior research director at the University of Texas at San Antonio and an expert on economic development, points to the Dallas-Fort Worth region as an example of an area where multiple cities have had success working together on shared economic strategies. Yet he noted they have also competed at times for companies and jobs.

It's that mix of competition and cooperation, or what Tunstall refers to as “coopetition,” he said San Antonio will likely have to navigate as it teams with Austin.



Image: San Antonio Business Journal

*'What is clear is that we need to work together,' Greater New Braunfels Chamber of Commerce CEO Jonathan Packer says of megaregion communities.*  
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Image: San Antonio Business Journal

*Senior research director for UTSA's Institute for Economic Development Thomas Tunstall says, as the megaregion further fuses, San Antonio and Austin will have to compete and cooperate.*  
File photo

Tunstall also noted that, unlike Dallas and Fort Worth, there are 70-plus miles of interstate that separate San Antonio and Austin.

“They’re not that close together. That’s presented something of a challenge,” he said, adding that stakeholders will need to “work at finding things that will be mutually beneficial.”

John Boyd, principal at site selection firm The Boyd Co. Inc., insists that economic development is not a zero-sum game and that there can be multiple winners with a regional approach.

“A company having a presence in the region often encourages future expansions as well as locations from suppliers and other companies,” he said. “The San Antonio-Austin strategy provides site-seeking companies an expanded inventory of real estate, workforce, infrastructure, quality of life and political assets.”



Image: The Boyd Co. Inc.

*John Boyd, principal for corporate site consulting firm The Boyd Company Inc., says multiple megaregion communities could benefit from a regional approach.*

*The Boyd Co. Inc.*

Saucedo-Herrera said greater:SATX and Opportunity Austin have made holistic changes that will allow them to work toward similar goals.

“I think we’re much more friends than foes,” she said. “We might both go after a deal here or there. But that’s peanuts as it relates to the larger strategy of wholesale economic development.”

## Emerging southern super region

As economic development groups in San Antonio and Austin continue to pursue a megaregion strategy to the north and east, some leaders point to expanding opportunities to the south driven in part by heightened interest in corporate offshoring and nearshoring opportunities.

“The border is the new frontier for Texas,” International Bank of Commerce Chairman and CEO Dennis Nixon told me. “There's a tremendous amount of economic activity. The great future of San Antonio is looking south, maybe more than looking north.”



Image: San Antonio Business Journal

*Chairman and CEO Dennis Nixon of International Bank of Commerce suggests expanding southward. He insists, 'The border is the new frontier of Texas.'*

*Gabe Hernandez | SABJ*

In 2023, Port Laredo was responsible for more than 6% of U.S. trade, making it the largest port in the nation.

Former San Antonio City Councilwoman Rebecca Viagran, now president and CEO of the South Texas Business Partnership, says there is a separate emerging megaregion in South Texas stretching to Mexico that warrants the Alamo City's full attention.

“We at South Texas Business Partnership believe all roads lead south,” Viagran said. “We see the continued growth.”

In addition to the offshoring and nearshoring opportunities, Viagran said multiple Texas cities including San Antonio, Corpus Christi and Laredo have an opportunity to tap into growing international trade.



*CEO Rebecca Viagran of South Texas Business Partnership says her group believes, 'All roads lead south,' and that there is more opportunity along the corridor leading to Mexico.*  
Gabe Hernandez | SABJ

Due to cultural ties and other factors, San Antonio may have a head start to the south.

“You see the level of coordination and collaboration that's happening,” she said.

Unlike the infill that’s occurred from San Antonio north to Austin and beyond, there is a significant availability of land to the south. That’s a priceless asset stakeholders can offer up to site selectors and companies searching for a new home.

“We just need to make sure that when we talk about coordination and infrastructure and investments, that we have people who can understand and see that growth as well as see the larger vision,” Viagran said. “We know that this is where we will thrive.”

The activity and opportunity to the south of San Antonio is not lost on greater: SATX officials.

“We have multiple employers here that have a presence in Mexico. We have plenty of partners that are headquartered in Mexico that are interested in facilities or sites here in San Antonio,” Saucedo-Herrera said.

## **Investing in infrastructure**

Nixon, like Viagran and others, contend that more infrastructure improvements are needed to maximize economic opportunities to the south.

“We need more roads. We need more resources to support this ever-growing trade,” he said.

A coordinated plan to deliver necessary utilities is also essential, Viagran said.

Along the Texas coast, Port of Corpus Christi officials outlined a plan in 2022 for a Corpus Christi Ship Channel Improvement Project they said could land north of \$600 million. The long-term economic benefits could be more substantial — and stretch well beyond the coastal area.

“It's a big incentive for future customers,” Port of Corpus Christi CEO Kent Britton said.

In October, I reported that the Texas Department of Transportation had reached a \$400 million settlement with the developer of a new Harbor Bridge project in Corpus Christi. The project is expected to serve as a gateway to new economic opportunities in Texas' coastal region, and the impact of that expanded commerce could reach as far as San Antonio, according to multiple South Texas leaders.

“The Harbor Bridge project is a catalyst for economic growth and improved connectivity in South Texas,” United Corpus Christi Chamber of Commerce President and CEO Al Arreola said.

## **Preaching patience**

While local leaders believe there is an opportunity and responsibility to explore economic pursuits to the north and south of San Antonio, there is clearly plenty riding on how the city's relationship with Austin plays out. This megaregion play comes as both cities have similar but also separate interests.

There is clearly competition among the two markets in some key areas including air access and airport infrastructure.

Efforts to connect the two cities by rail have so far come up short.

“Short sighted and parochial infighting is inevitable, but hopefully will not jeopardize this new coalition,” said Boyd, who agrees that San Antonio has opportunities to the north and south. “The region is competing for corporate investment and jobs from around the globe and presenting a strong, united front is key.”

Tunstall said this team approach will require some soul searching on San Antonio's part.



“You have to find your strengths and play to those. That would be my advice,” Tunstall said. “San Antonio has a lot of strengths, but they're not the same as Dallas-Fort Worth, not the same as Austin. I think it's important that economic developers reconcile themselves with that.”

The road ahead is complex, Saucedo-Herrera warns.

“It requires time, it requires money and it requires patience,” she said. “But I'm hopeful that after we close this five-year strategy, we'll be able to prove that we did what we said we were going to do. Our opportunities are limitless.”