



## **Trump Hints at TikTok in Texas on Heels of Social Media App's LA, NYC Growth**

**Service's Expansion Could Include 25,000 Jobs as Part of Oracle-Walmart Deal**



*Austin, Texas, could be a top contender for TikTok's expansion if a potential deal goes through with Oracle and Walmart. The Texas capital city is a sought-after market for technology companies. (Getty Images)*

By Marissa Luck and Candace Carlisle, CoStar News - September 22, 2020

President Trump hinted that a tentative deal between TikTok's parent company and Oracle and Walmart could result in up to 25,000 new jobs in Texas, with real estate experts saying Austin could be a top contender. TikTok, a social media platform owned by China's ByteDance, has recently expanded in Los Angeles and New York City.

Trump said during an interview Monday on "Fox & Friends" that the TikTok-Oracle-Walmart deal could create thousands of jobs over time.

"It's going to bring 25,000 jobs, and it's going to be located in Texas, and they look forward to doing it," Trump told the cable news channel. "So they're moving it into our country. I like it. But we'll see how it comes out. There can be zero security risk."

The comments come after Trump gave his initial blessing to a deal between TikTok, Oracle and Walmart in an agreement that postponed the U.S. government's threat to block the widely popular video sharing app in the United States over national security concerns. An agreement is still uncertain as reports out of China have cast questions about the terms.

As currently negotiated, the deal would create a new U.S.-based company, TikTok Global, in which Oracle, a California-based cloud computing company, would partner with Walmart to own 20% of TikTok, and then Walmart would own an additional 7.5% stake on its own.

TikTok Global could support 25,000 jobs, Walmart said, but it did not say where those positions might be located. TikTok, Oracle and Walmart did not immediately respond to interview requests.

Texas Gov. Greg Abbott tweeted over the weekend that he spoke with Trump about the tentative deal and "let him know that if he approves the deal Texas would be the perfect place for the HQ."

TikTok already leases space within a WeWork location at the SXSW Center in Austin. Both Oracle and Walmart also have a big presence in Austin, meaning it could make a lot of sense to add to TikTok's profile in the city, said Angelos Angelou, an Austin-based site selector and economist with AngeloEconomics.

"This could be a great place for continuing the development of TikTok and hiring young people out of college as well as experienced tech people," Angelou said in an interview.

About 54.1% of Austin residents who are 25 and older have a bachelor's degree or higher, significantly higher than the U.S. average of 32.6%, according to CBRE's 2020 tech talent report.

Oracle is underway on nearly doubling the size of its Austin campus totaling just shy of 1 million square feet on the shores of Lady Bird Lake. The company is in the design phase of the third portion of the project. Oracle has said the campus could eventually house 10,000 employees.

Walmart has two tech incubators in Texas, with one being in downtown Austin and another being in Plano, a suburb of Dallas.

If a TikTok expansion in Texas comes to fruition, it would be another success for economic development teams in Texas, said John Boyd Jr., principal of The Boyd Co., who has represented companies such as Dell in their corporate expansions in Central Texas.

Tesla recently chose Austin to build a 2,500-acre electric vehicle plant, and iPhone maker Apple is building a 133-acre campus in Williamson County.

"Austin would clearly be a front-runner with the cluster of high-profile trophy IT projects led by Apple in Williamson County and Tesla, but I think Dallas could be a contender," Boyd said, adding, if TikTok is truly interested in Texas, it would also be considering Houston and San Antonio in the mix of major Texas cities.

But there could be hurdles for a tech company setting up shop in Austin, such as potential bandwidth issues surrounding labor and a growing number of anti-growth advocates opposing new development projects, said Boyd.

By locating in a Texas city, TikTok, expected to be highly regulated, could find a bit of a reprieve in the low-regulatory, business-friendly state, Boyd said.

TikTok's current owner ByteDance has a sizable real estate footprint in Los Angeles and New York City, including a glitzy Times Square spot once described as its future U.S. headquarters. In May, the social media platform signed a 232,000-square-foot lease in Times Square New York, which at the time was one of the largest office leases signed during the pandemic, according to CoStar records. TikTok has already started housing employees on floors at Durst Organization's One Five One, according to a spokesman for the landlord of the building.

Austin, while a top tech city, doesn't compete with New York City and others for the sheer size of their tech labor pools. New York City is home to one of the largest concentrations of tech labor with 268,530 employees, ranking only behind the San Francisco Bay Area, according to CBRE's 2020 tech talent report. Dallas ranked No. 5 and Austin ranked No. 21 for tech talent size.

Tik Tok has other options, as well. Earlier this year, ByteDance moved into a nearly 119,000-square-foot office at 5800 Bristol Parkway in Culver City in the Los Angeles area, according to CoStar data, where it occupies the first, second and third floors. Other high-profile tech companies such as Apple and Amazon also have new offices in Culver City. Entertainment giant HBO is relocating its headquarters to the area where Sony Pictures also has a presence. At one time, Culver City was considered a leading entertainment hub, a reputation that city officials are working to bring back as the industry has scattered throughout Los Angeles.

TikTok's recent expansion in Culver City represents a continuation of the area's history as a movie-making hot spot, even if it comes in a very different format, said Meghan Sahli-Wells, former mayor of Culver City and current city council member, in an interview.

"Culver City's motto is the 'Heart of Screen Land'," she said. "We have gone from the 'Heart of Screen Land' to the 'Heart of *Stream* Land.'"

If TikTok decides to locate a potential expansion in Culver City, it could allow the company to tap into the existing talent pool and network of entertainment and content creators, Sahli-Wells said. The city also recently completed a new network of underground fiber meant to lure large corporate media and internet-based companies, she added.

Dave Toomey, a principal at Cresa's Los Angeles office, told CoStar News the Los Angeles area has attracted tech companies like Google, YouTube and Facebook, as well as video game companies. With the convergence of technology and entertainment in recent years, Los Angeles has been the beneficiary, he said.

"Los Angeles has all the necessary ingredients including established media companies, a booming video game sector and associated content creators, together with a robust emerging-growth ecosystem," he added. "It begins and ends with access to talent — and LA has it."

*Reporter Jennifer Waters contributed to this report.*