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Exclusive: Why this Williamson County highway may be 'new center of gravity' for critical tech in US

Site selectors, developers salivating over the opportunities



This stretch of road north of Austin may not look like much now, but just wait. Major site selectors across the country have their eye on it.



By Justin Sayers – Staff Writer, Austin Business Journal – December 16, 2021

What might be the most coveted stretch of highway in the country from an economic development standpoint starts with a Dairy Queen and ends with a Best Western, with strip malls and vast swaths of farm land in between.

It is the 17-mile expanse of U.S. Highway 79 from Round Rock to Taylor, which in recent years has courted the likes of the \$550 million Kalahari Resort and Convention Center in Round Rock. Just last month, Samsung Electronics Co. Ltd. announced it would build a \$17 billion next-

generation chipmaking plant on 1,200 acres just south of U.S. 79 in Taylor. Those are just two examples of the manufacturers, restaurants, mixed-use developments, housing subdivisions and more zeroing in on the corridor.

While interest in the area, which also includes Hutto, was already high amid the Austin metro's rapid economic growth, one expert said it now stands out as "the most prized industrial real estate in the entire U.S.," due to the availability and cheap costs of land, plus low utilities and other expenses; proximity to a strong workforce and other large-scale projects, including Tesla Inc.'s new headquarters farther south on State Highway 130; and the general business-friendly climate in Williamson County.

"That real estate has been identified by some of the nation's premier site-seeking companies and other commercial real estate advisers," said John Boyd Jr., principal at Boca Raton, Florida-based site selection firm The Boyd Company Inc. "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."

Economic development leaders said they have already seen an uptick in interest since the Samsung announcement just a few weeks ago — from companies of widely varying sizes and industries.

"I don't know that really we can quantify what that future impact is going to be, but it's going to be big. I don't know how to quantify it any better than that. I guess you can use words like 'generational,'" said Mark Thomas, president and CEO of the Taylor Economic Development Corp.

"It was going to develop, there's no doubt in my mind. I think now with this announcement, it's just accelerated all of that."

An imminent 'technology superhighway'?

When it comes to site selection, some places are natural land spots in the U.S. based on industry, according to Boyd.

For instance, if you're a health care or technology company, there's U.S. Route 1 in New Jersey. Life sciences and tech companies are huddled along Maryland Route 279. And Interstate 4 between Orlando and Tampa is a hot spot for aerospace companies.

Highway 79 — and the Austin metro and Texas more broadly — could become that for the semiconductor industry, Boyd said, pointing to the fact that just days before the Samsung announcement in Taylor, Dallas-based Texas Instruments Inc. vowed to build its own semiconductor fabrication facility in Sherman, in North Texas, in a deal that could create 3,000 jobs and reach a \$30 billion investment.

"Texas is really a destination point, in terms of its leading the nation within the semiconductor industry. This industry is really in the global spotlight today given the supply chain crisis," Boyd said.

Williamson County Judge Bill Gravell, the area's top elected official, envisions Williamson County becoming the "technology superhighway of the world," stretching from the Apple Inc. campus in Northwest Austin at the edge of Round Rock to the Dell Technologies Inc. campus in Round Rock to the Samsung site in Taylor, and whatever comes in between.

"The reason the land is so sought after is Williamson County is an amazing place, and it has to do with not only quality of life but quality of schools and safety and security. ... We have a world-class workforce in the technology industry already here," Gravell said.

He said the U.S. 79 corridor in particular is desirable because of access to transportation, including I-35 and the State Highway 130 toll road as well as a Union Pacific Corp.-owned rail line that runs parallel to 79.

"The other part I think is attractive, and we're only beginning to see the start of it, is the rail spur in Hutto. You're going to see a lot of these major companies using rail to move their stuff in and out," Gravell said.

With every site, there are tradeoffs, Boyd said. He said high population growth has mitigated some concerns about the 79 corridor, such as labor costs and manufacturing costs. But the biggest concern is affordability with respect to housing and maintaining infrastructure and public services.

He said to expect a lot more housing development, including affordable housing.



Hutto megasite Arnold Wells/ABJ

Shovel-ready sites

Highway 79 is home to two huge, shovel-ready prospects: the 1,400-acre Hutto megasite and the 750-acre RCR Taylor Logistics Park, both of which have garnered interest from large companies. The megasite had been eyed by Tesla as far back as 2014 for a battery plant.

Boyd said the reason neither site has announced future plans is likely tied to the pandemic. He added that their sheer size and the fact they're both "shovel-ready remains a big asset," meaning he expects them to fill up soon.

"The idea that there is space there gives it an edge. A lot of these projects are time sensitive," he said.

Bob Farley, Hutto's executive director of economic development, said there are a couple letters of intent circulating for potential users at the city-owned megasite, which has access to both the Union Pacific rail line and one owned by BNSF Railway Company, and that the city is "actively pursuing two or three very specific things."

Even without Samsung, he said prospect activity has been steady in the first six months of his tenure. Interested businesses "run the gamut," but he said there is a lot of interest from companies related to semiconductor support and electric vehicles, as well as some in life sciences.

Businesses interested in Hutto range from a \$150 million investment to a potentially \$1 billion investment, with those interested being drawn by transportation access and connectivity and affordable housing. That and the fact that they have shovel-ready sites that are 500 acres or more, as those sites are becoming increasingly limited, he said.

Because of Samsung, "we're going to see more prospects, there's no doubt about it," Farley said.

In Taylor, Thomas said many businesses were interested in the city even before the Samsung announcement, because of its location in the fast-growing Austin metro as well as availability of land and access to road networks. He said there had already been an influx of manufacturers, especially related to homebuilding, pointing numerous facilities, one as large as 400,000 square feet, already under construction and creating hundreds of jobs.

"We had a lot of things occur before Samsung came. That was just icing on the cake," he said.

He said Samsung is a game-changer because of the project's magnitude and because it will bring an entirely new technology to Taylor. He said the city has shown up on radar screens all over the world. Topics that need to be addressed include the city's infrastructure and utilities, which are in good shape now but need investment to account for future growth.

"When they do finally come and take a look, they really don't want to wait," he said of prospective companies. "You have to do a lot of work ahead of time to be prepared for when those companies come."

That includes the RCR Taylor Logistics Park — a 750-acre site next to the megasite that is also dual-rail served. Houston-based Partners Real Estate Company announced in October the start of construction on the first building at the site: a 350,000-square-foot speculative warehouse expected to be completed next year.

Hydie McAlister, a partner with developer RCR Rail Co., a subsidiary of Hempstead-based McAlister Assets LLC, said that in addition to construction of the first building, her company is working on a couple of contracts behind the scenes, without providing additional details.

"The official announcement of Samsung as our neighbor is a boon to the overall market and we look forward to having them next door to RCR Taylor Logistics Park," she said in an email. "We continue to see building and construction materials and we have successfully received our first heavy dimensional load. RCR Taylor is also doing the ground work in hopes of being able to offer intermodal services to the area soon. We feel that with the industrial development going on in the northeast Austin market and Central Texas as a whole this is a service that will be needed."

Front-row view to the expanse

Almost exactly one year after the resort and convention center opened, Kalahari General Manager Tim Arnold said it is hard to not notice all the development popping up around it. There

are new strip malls, restaurants, retail outlets and housing that were not there when his company started building the 340-acre development in 2018.



Kalahari Resort Round Rock Arnold Wells/ABJ

"We feel and see it. We know that what we're about to see over the next five or six years is pretty astronomical," he said, adding that he's on the board of the Round Rock Chamber and wants to encourage more of it.

When Kalahari Resorts was searching for a location for the park, Arnold said the Wisconsin-based leaders of the company also looked in the Dallas and Frisco areas before settling on the parcel across the street from Dell Diamond.

Its proximity to both I-35 and SH 130 was alluring, as was as the large chunk of space available — including room for potential expansion. Discussions with city of Round Rock leaders sealed the deal.

Despite opening on Nov. 12, 2020, in the middle of a pandemic, Arnold said Kalahari has hit every measure — including revenue and profitability — it set out to meet, while struggling with some issues such as staffing. He said company leaders are most proud of their adaptations to safety practices for staff and guests amid the pandemic, as well as surprising tax revenue goals to give back to the city.

"We've been able to make it through all of those challenges, and we really have surpassed what we expected, in spite of it all," Arnold said.

He said he fully expects other companies to have the same experience as Kalahari, with so much land available, infrastructure support for schools and neighborhoods and the fact that the area along SH-130 is growing as well.

Sam Owen, managing director and partner of Stream Realty Partners' industrial division in Austin, noted there has been an increase in warehouse, flex and manufacturing developments along U.S. 79. That's part of an overall trend in Williamson County.

He said he expects that to continue, primarily because availability of land and relatively lower prices, but also because "Samsung has added fuel to the fire." He cautioned that it might be a bit early for the market to really reflect the impact of Samsung, because of long development timelines as well as the extremely high demand for industrial construction at the moment.

"Everybody thinks it's really easy to build a warehouse, but the reality is it's a timely and really complicated process. It's going to take years to build Samsung's facility and it takes year for developers to build facilities that support it or want to be in close proximity," he said.

Reid Ryan, CEO of Ryan Sanders Sports & Entertainment, which operates the Triple-A Round Rock Express and the city-owned Dell Diamond across the street from Kalahari, has seen the western terminus of U.S. 79 come a long way. When construction on Dell Diamond started more than two decades ago, that stretch of road had only two stoplights and the divider on the two-lane highway was paint on the ground.

They picked the spot based on big promises. It was predicted to be the next geographic center of the Austin metro. Round Rock was going to be home to SH 130, which eventually landed closer to Hutto. A county-owned exposition center and arena were proposed close to the stadium, although that never happened.

Ryan Sanders Sports and the city and county adapted, filling the space around the ballpark with businesses such as R Bank, which the Ryan family also launched, and Salt Lick BBQ.

"We've seen kind of the full transformation," Ryan said.

He expressed excitement about growth continuing along U.S. 79, adding that it's on public officials to make sure that doesn't result in too much congestion.

But he said he's "cautiously optimistic they'll get everything done."

"I came into our being out there ... getting a lot of promises, expecting some to be delivered and some to not. They've pretty much all been delivered," he said. "I have a high confidence level that all of the infrastructure needs that the area is going to demand are going to happen."



Dell Diamond Arnold Wells/ABJ

Not the only hot spot

While interest in the U.S. 79 corridor is heightened, many parts of Williamson County have large projects in the pipeline.

A glance at government meeting agendas around the county shows dozens of companies eyeing the region. Codenames range from Project Flex Power in Georgetown to Project Nordic in Liberty Hill to Project Red Hot Chili Pepper in Williamson County.

Ben White, Cedar Park's director of economic development and a former longtime vice president of the Round Rock Chamber, attributed the growth to the county's pro-business attitude, favorable demographics, strong schools and safe communities.

His city, along U.S. Highway 183, has garnered economic development wins this year including headquarters relocations and expansions from companies such as shopping network Shop LC Global Inc., baseball and softball scouting company Perfect Game Inc., trucking technology company Hylion Holdings Corp. and rocket maker Firefly Aerospace Inc. Those companies will add a few thousand jobs to the city.

"You got four projects, all within a stone's throw from each other right here, and we're still just kind of flying under the radar screen a little bit," he said of Cedar Park.

White expects suppliers and partners of the Samsung and Tesla plants to reach every community in Williamson County.

Another corridor that's being increasingly talked about is SH 130, which crosses Williamson, Travis and Bastrop counties.

"Some of the nation's top executives are stuck in traffic right now on I-35 going back and forth between San Antonio and Austin," said Boyd, the site selector. "This is really an opportunity for that to come out as a major economic development force."

From an anecdotal level, he said that he's been getting a ton of data requests for cities including San Marcos in Hays County, New Braunfels and Selma north of San Antonio and Leander in Williamson County.

"What these suburbs bring to the table is access to the Austin labor market, access to the airport, all the cultural amenities that Austin has, but at a lower cost profile and a less-contentious, anti-growth incentives process," Boyd said. "You're getting a lot of growth fatigue in Austin. There's a lot of sense that the political class are almost going on auto-pilot, given all the success that it's had."

Kathryn Hardison contributed to this report.