

The siren's call: What it took to get Amazon to come to Austin

BY MATT BAKER



A rendering of the new Pflugerville Amazon facility

It was codenamed “Project Charm.” But this initiative was less cloak and dagger and more big market swagger—this was the move to bring e-commerce giant Amazon to Pflugerville, Texas, located in the fastest-growing market of the past decade, Austin.

Bringing Amazon to Pflugerville was no small task—one spearheaded in part by Amy Madison, CECD, EDFP, executive director of Pflugerville Community Development Corporation (PCDC). As she sees it, this project is a huge win for the area, bringing significant capital investment, new technology and needed employment to the local workforce.

Securing a location for the Seattle-based e-tailer was a mammoth endeavor, one that began with early talks more than a year before the final announcement last summer. Madison said the “Project Charm” codename was apt as the company looked at three sites before it settled on a site owned by the Timmerman family near Pecan Street and SH 130.

“It turns out, the third time really was the charm,” Madison said.

The fulfillment center should be operational before the 2021 holiday season, bringing with it 1,000 new full-time jobs. Employees will work alongside Amazon robotics to pick, pack and ship small items to customers such as books, electronics and toys.

Seefried Industrial Properties is developing the project for Amazon, which will



Amy Madison

contribute \$250 million in investment over the course of its minimum 10-year term. Jones|Carter is serving as civil engineer, SMBH, Inc. as structural engineer and Dialectic Engineering as MEP engineer.

The footprint of the building is 820,000 square feet—quite sizable by the standard of new, Class A industrial warehouses. However, the Pflugerville facility will rise four-and-a-half stories, giving

Amazon an incredible 3.8 million square feet of operational space.

The pandemic has had an outsized impact on the industrial sector, especially for e-commerce companies such as Amazon. Shelter-in-place orders led to a skyrocketing usage of online shopping, often by first-time users. This kicked an already hot sector into a new gear.

That said, the pandemic nevertheless had a huge impact on the project. Negotiations may have changed in tenor, but they never stalled. According to Madison, there were some concerns that this megadeal could fall through at the last minute due to COVID-19.

“Amazon is a big enough company that they can very easily change their mind, as

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Amazon

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we've seen them do elsewhere," said Madison. "But we all worked collaboratively to get the deal done."

One sweetener that helped close the deal was a \$3.8 million economic development performance agreement greenlit by PCDC and the Pflugerville City Council. This financial support will cover off-site road infrastructure enhancements, including intersection improvements at FM 685 and Pecan Street.

According to Pflugerville Mayor Victor Gonzales, the deal "shows that Pflugerville is the new frontier in Central Texas. Pflugerville's connectivity via the SH 130 corridor is a prime location for business expansion."

That's a hope that Madison shares—that this project will send a signal to other industrial operators that Pflugerville is not only open for business, but the right location to plant a flag and reach more consumers.

"It really put us on the map in a significant way," said Madison. "To have this happen and then Tesla right on its heels, we're looking toward a really strong year."

Electric car manufacturer Tesla announced last year that it will build its fourth U.S. factory in Travis County, Texas, five minutes away from the Austin airport. The facility will be used to manufacture its Cybertruck consumer pickup model as well as a long-haul commercial semi-truck model. Construction of that factory will require an estimated \$1 billion; the county and local school district have agreed to \$60 million in tax incentives over the next decade to bring the project to fruition.

These two deals show that companies are bullish on the ever-growing Austin market. Amazon alone has already opened or announced several other projects in Central Texas. The company cut the ribbon on two facilities last September—a delivery station in Round Rock, Texas, and a sortation center in Kyle, Texas. It is also building a 1-million-square-foot fulfillment center in San Marcos, Texas, that is scheduled to open around the same time as the Pflugerville facility.

Amazon, which has pledged to invest more than \$700 million to provide upskilling training for 100,000 U.S. employees, currently employs more than 20,000 Texans. It and the PCDC will collaborate with job boards such as Workforce Solutions Capital Area to recruit workers for the Pflugerville facility.