

Tesla's Texas move shows Big Tech's exodus isn't over yet

Article

The news: Tesla moved its headquarters to **Austin, Texas**, marking one of the most significant departures in tech away from Silicon Valley since the start of the pandemic, according to CEO **Elon Musk** in a recent shareholder meeting.

- Musk said housing affordability and commute times were major factors for the move and claimed the Bay Area was limiting how large Tesla could scale.

- Despite the move, Musk said Tesla still plans to **increase production by about 50%** at its two California plants.

How we got here: Tesla's headquarters move is more the result of a gradual shift toward the Lone Star state than a sudden, spontaneous immigration.

- Last year, Tesla announced plans to build a 2,000-acre "Gigafactory" near downtown Austin where it will build its Model 3, Model Y, Cybertruck, and electric semitruck.
- Then, reports emerged of Tesla planning to provide energy directly to Texas households through a new subsidiary called Tesla Energy Ventures. That residential energy business could make up **30% of Tesla's total revenues by 2030**, according to Piper Sandler analyst Alexander Potter, [per](#) Bloomberg.
- And of course, Elon Musk himself became a Texas transplant late last year following a spate of public disagreements with California's government, during which he called some of the state's strict COVID-19 restrictions "fascist." Musk had lived in California for 20 years.

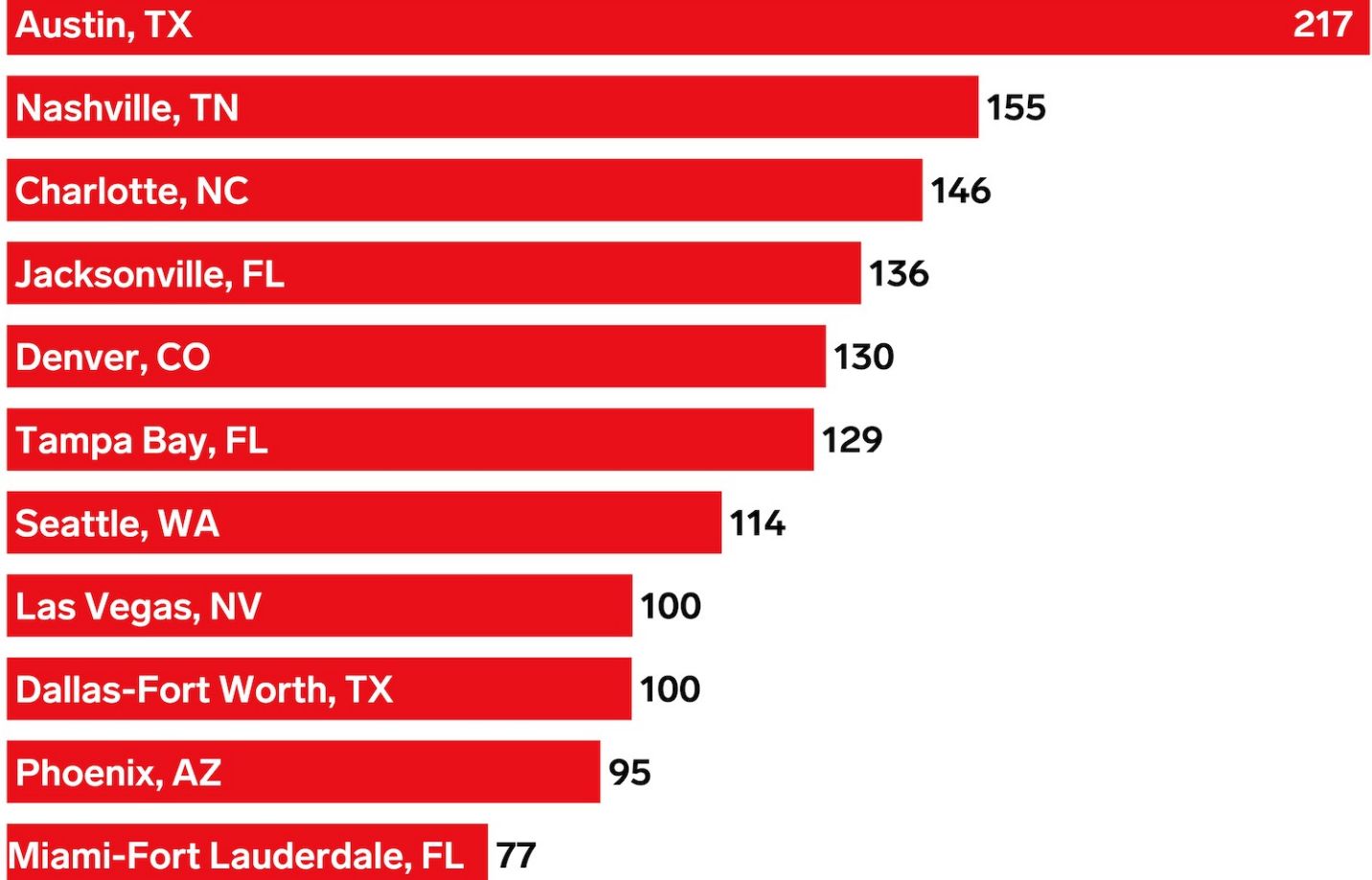
The takeaway: Tesla's move is the clearest indicator yet that the so-called tech exodus from traditional tech markets may be less temporary than previously thought.

- Austin led the country in pandemic-era tech worker emigrations, followed by Nashville, Tennessee, and Charlotte, North Carolina.
- In total, **at least 35 tech companies either [relocated](#) or opened new facilities** in Austin last year, [according to](#) Austin Chamber of Commerce data.
- Tesla's move will likely embolden mayors of cities like [Miami](#) to continue offering favorable tax deals and other incentives to lure startups and larger tech companies to their markets.

What's the catch? Though firms have shown an eagerness to move to Texas, the state's conservative policies—including an unprecedented anti-abortion law—[threaten](#) to dissuade some of the industry's top talent.

Austin Leads the Tech Worker Exodus

Net flow of tech workers per 10,000 existing ones, 2020–2021



Source: LinkedIn via Bloomberg

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