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Electric Vehicle Manufacturing Intensifies

- Long promised as the future of transportation, electric cars have yet to gain a significant share of the United States auto market. Growing concern about climate change, political pressure from the Biden Administration and shifting consumer demand are leading to a ramp-up in electric vehicle production. Now, electric vehicle plants are driving tens of billions of dollars in investments as both traditional auto makers and upstart companies race to deliver electric vehicles to the masses, and electric vehicle production is fueling additional demand on an already tight industrial market.
- The largest electric car maker in the country made waves recently when Tesla announced it would be moving its headquarters from California to Texas. While the company was already building a new 4 million-square-foot manufacturing facility in the Austin market, the headquarters relocation suggests that Tesla sees the Lone Star State as critical to its long-term expansion plans. Tesla currently dominates the U.S. market, with estimates suggesting that the company accounts for roughly three quarters of all electric vehicle sales.
- Traditional auto makers are not keen on letting Tesla command the electric vehicle market and are looking to make moves to compete in the space. Last month, Ford Motors announced it would be spending more than \$11 billion to build three battery factories across Kentucky and Tennessee and an electric truck manufacturing facility in Tennessee during the coming years. Toyota announced it will build a \$1.3 billion battery manufacturing facility in the United States in efforts to ramp up electric vehicle production. Over the summer, GM announced it would invest \$35 billion in electric and autonomous vehicle technologies through 2025. These investments include two new battery manufacturing facilities and capital to convert existing plants to electric vehicle factories.
- Detroit's Big Three are not the only competition that Tesla will have this decade, as two new entrants in the electric vehicle space have invested billions and plan to invest billions more. Lucid Motors, an upstart company headed by the former chief engineer of the Tesla Model S, has built a 1 million-square-foot facility in Casa Grande, Ariz., and plans an additional 2.7 million square feet of space after raising capital with its IPO this summer. Rivian Automotive is likewise trying to elbow its way into the electric vehicle space, backed by institutional capital and a partnership with Ford, but has yet to make a retail sale. Rivian currently operates one plant in Illinois but like Tesla has its eyes on Texas for expansion: The company is rumored to be planning a \$5 billion facility in Fort Worth.

