

THE

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Dear Client:

Ground was broken this week on the *second* phase of Austin's first transit oriented development. Time for a quick review of Austin's shifting transportation priorities.

Copying other cities, the City of Austin and Cap Metro leaders developed a plan a few years ago to encourage development at certain points on Cap Metro's new rail stations. **The idea obviously was to curtail vehicle traffic into the downtown area at the same time it increases ridership on Cap Metro's new rail line.** USAA Real Estate Company, in association with the Trammell Crow Company, jumped in with a Midtown Commons project at the Cap Metro Crestview Rail Station near the intersection of Lamar and Airport Boulevards.

"The first phase of Midtown Commons has been extremely successful, as we were able to completely transform a once dormant site into a bustling mixed-use transit oriented community with a number of neighborhood public features including a transit plaza, main street retail, pedestrian streetscapes and public bike paths," said **Pat Duncan**, Chairman/CEO of USAA Real Estate Company. Phase one consisted of 316 residential units.

"The second phase will further energize this area by bringing a unique multi-family project that blends traditional and contemporary design," Duncan added. With the first one-and-two bedroom units of the 246 Class A luxury units to be delivered in early 2013, it will include as amenities, **a resort style pool with open access to a kitchen and lounge area, a bar, yoga room, business center, fitness center, game room and a dog park.**

This is not some city/transit bureaucrat saying "our idea is working" nudge-nudge, wink-wink while using fuzzy math to back up their claims. **These are two respected, successful companies who took a leap and ponyed up the big bucks on Phase One, and are now coming to the table with more investment dollars to build on their success. So far, this is a solid marketplace validation of a new concept in Austin.** As you may know, USAA Real Estate has approximately \$12 billion in assets under management, and The Trammell Crow Company, founded in 1948, is one of nation's leading developers and investors in real estate.

What about other Texas cities working with light rail and nodes of development? Check out the next item, with info from Houston.

Houston is exploring the possibility of ferrying people, via light rail, to and from the University of Houston and Texas Southern University. The claims are that Metro stations near the campuses will become hubs of restaurants, shops and new residential units. Will this work in Texas?

This vision is scheduled to be completed in 2014, though there are some significant property issues to be resolved. **David Wolff** was Houston's Metro board chair when the plan was developed. He told the *Houston Chronicle*: "as we traveled around the world, we saw that **universities are major users of light rail and mass transit.**" Wolff said he recalled seeing throngs of students spilling onto a station in France.

Planners predict the **light rail would also provide easy access for students commuting to jobs or internships, going to downtown restaurants, theaters or clubs**, and catching games at Minute Maid Park or BBVA Compass stadium where TSU football is to be played. Said Wolff: "**the impact will be tremendous.**"

Or will it? An anonymous blogger, responding on the *Chronicle's* website, **railed against the "same old story about how light rail brings economic development."** We normally won't quote bloggers who don't identify themselves, but his argument echoes the critics of the project:

"**We've already seen what has happened down Main Street.** There were a slew of night clubs, bars and restaurants that opened up along Main Street back in 2004 when the light rail line opened. Does anyone remember the Mercury Room? How about the Suede Lounge? Or how about the Boaka Bar? You don't? **That's because all the bars and clubs right by the rail line are gone.** Several more businesses right along the rail line closed earlier this year and the Houston Pavillions, which is right along the rail line, is in receivership, even after it got \$14 million in city and county money."

"**When are people ever going to realize that wasting billions of dollars on a stuck in place form of transportation that cuts down available right of way, only goes in two directions, and where Metro and the City cut off left hand turns to motor vehicles does not promote development,**" he continued. He closed by claiming that "if the marketplace isn't ripe for economic development, then rail won't change a damned thing."

The promoters of the project counter by pointing out **universities in other cities have experienced a boon from transit system expansions**, citing San Diego State University, Portland State University, and the University of Utah.

The current stumbling block involves a dispute between the UH and Metro over right of way on campus. **Acknowledging that Metro has a right to "take" the land, UH says it "has the right to be made whole."** Discussions are continuing between the two parties.

Even with the emphasis on light rail in Austin, bus service is expanding. When the first Rapid Bus line is completed, you should soon see extra-long buses with accordion-like sections to allow them to bend when they make turns on city streets.

This week, a Capital Metro committee approved a contract to **start building 40 bus stops for the city's first rapid bus line**. If approved by the full board, construction should start this summer and begin operating in early 2014. The two lines would run north-south. **An electronic message board and voice message announcing when the next bus arrives will be a key difference in the new canopied bus stops**. The plan is for the buses to run 10-15 minutes apart on weekdays and 20-30 minutes apart on the weekend.

Reports showing that *cities* are growing faster than *suburbs* for the first time since the 1920s could help explain why transportation projects are focused on a narrowly-defined section of Austin.

The Associated Press news service reported that nationally young adults are delaying careers, marriage and having children amid persistently high unemployment. **"They are spurning homeownership in the suburbs for shorter-term, no-strings-attached apartment living, public transit and proximity to potential jobs in large cities,"** noted the AP.

Those are *national* numbers. What about *Austin*? TXP President **Jon Hockenyo**s has been tracking Austin trends for decades and he cites **the "creative sector" as driving changes in Austin** (as opposed to high unemployment, etc. elsewhere around the nation). He is quoted as pointing out the creative sector accounted for just over \$4.35 billion in Austin's economic activity in 2010. **This, he says, was an increase of about one-third from 2005.**

He went on to further point out the creative sector created more than \$71 million in city tax revenues and almost 49,000 jobs. **"We're talking about one of the most vibrant, young and exciting pieces of the overall Austin economy,"** Hockenyo noted.

Another factor that may play into this is that **young people are driving significantly less than past generations**. Reuters news agency reported this month that "Generation Y includes an increasing number of people for whom **driving is less an American rite of passage than an unnecessary chore.**" Another report showed a dip in miles driven by young people. So, they are driving less and therefore choosing to live in *urban* environments rather than in *suburbia*.

If two-plus-two equals four here, **the mostly-young creative sector in Austin may be part of the national trend resulting in *city* growth being greater than the growth of the *suburbs*.**

You may have participated in one or more of Austin’s best pop-culture music and film hot spots/events. Or not. Take a look at what *The Pop Traveler* lists as ten pop culture attractions, with comments from the writer, Meredith Munoz.

1. **Alamo Drafthouse.** “It also frequently hosts movie Q&As with film casts and directors.” 2. **Waterloo Records.** “This place is huge and has a great selection of used music and current vinyl.” 3. **Top Notch.** This curbside service hamburger joint “played an integral part in the *Dazed and Confused* movie.” 4. **Guero’s.** “Guero’s was featured in the **Quentin Tarantino** movie *Death Proof* and, apparently **President Clinton** ate here once, too.”

5. **Hills Café.** “*Friday Night Lights* may be gone. This South Austin location was frequently used during the show’s taping and can be seen in several episodes.” 6. “**Hi, How Are You**” mural near The University of Texas campus. Artist **Daniel Johnston** was also known for his drawing on a shirt worn by **Kurt Cobain**. The building the mural is painted on has seen a rotation of restaurants that was once a record store. 7. **Paramount Theater.** “An old-timey, beautiful theater with elderly volunteer ushers, this theater hosts concerts, comedians and movies.”

8. **Baker Street Pub and Grill.** “This location used to be known as the Alligator Grill, but you likely know it as Chachki’s from the classic comedy *Office Space*.” 9. **Austin City Limits’ Moody Theater.** “ACL moved last year. The new theater has more seats, hosts non-ACL concerts and has a **Willie Nelson** statue right in front.” 10. **The Continental Club.** “Currently known as one of the places to see **Robert Plant** hanging out (Yes, *that* Robert Plant lives in Austin. He even jammed with **Johnny Depp** on the club’s stage last fall.)”

Munoz was in a band in Washington DC, then quit to move to Austin. She is now trying to write screenplays, according to the Pop Candy website.

Bumper Sticker seen by Dr. Louis Overholster: “Honk if you love peace and quiet!”

Sincerely



Editor/Publisher