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Dear Client:

“Austin – and its urban core – is more than a destination and a neighborhood – it’s a globally-recognized brand.” That’s the conclusion of the world’s largest commercial real estate services and investment firm, CBRE. Its director of research and analysis for the Texas-Oklahoma division issued a 17-page report this month about Austin titled “There is more to the Texas Capital than you think.” Let’s look at some of what is contained in the report.

CBRE’s viewpoint is obviously from a commercial real estate perspective, but it’s exhaustive in its analysis, considering the vast array of factors affecting commercial real estate. CBRE points to **expansion of the tech industry** as a driver of population and job growth, saying **“this trend has influenced the purchasing activity and living patterns of Austin’s residents.”**

“These social dynamics have physically altered the landscape of the multifamily, office, and retail real estate markets delivering **new and diverse live/work/play alternatives for Austinites, new and native, a pattern that has made the Texas capital an exemplar of the 18-hour city,**” observed CBRE. Note that phrase “18-hour city.” We’ll come back to that in a minute.

The report went on to say “Austin has been one of the biggest beneficiaries of the tech revolution. **It transformed the culture of the Texas Hill Country, bringing in a new era of urbanized business and commerce to a city once almost exclusively driven by the public sector.**”

“It brought swarms of jobs to the region boosting the local and regional economy, but also adding sector diversity,” added the CBRE analyst. “The fact that these **new tech jobs pay more, and attract younger workers, has influenced the retail and the multifamily markets. Retail has skewed more towards the high-end,** and millennials have wanted more mixed-use urban multifamily projects.”

The convergence of these factors has led the way for a new lifestyle illustrating why Austin is a premiere 18-hour city, concludes CBRE. There’s that “18-hour city” reference again. Promise we’ll get to that shortly. In the meantime, CBRE Research has identified **six key trends bringing the Texas capital into the ranks of America’s major metros** and altering its commercial real estate sectors right along with them. Check out the next item for a list of those six items.

Six trends are moving Austin into the ranks of America's major metros. This is the view of CBRE, a worldwide company that is heavily invested in the Austin area. So what *are* these six items that fall into the category of "as others see us?"

Any number of local movers-and-shakers can come up with their own list of six trends that have driven Austin's evolution in the last few decades. **But what about a "commercial-real-estate-related" list from the world's leading full-service real estate services and investment organizations, CBRE? Check 'em out.**

Now hiring, inquire within. "Austin is a high-demand destination for corporate relocation and expansion with major players across multiple tech sectors," CBRE confirms. **"Austin's office market is firing on all cylinders, setting record highs in absorption and rents, while reaching new post-recession vacancy lows."**

Three's company. Co-working space has emerged as a desirable office type in Austin, with nearly two dozen now in operation and a half-dozen coming to market this year alone. **Austin's shared working space scene is bringing growing ranks of creative people together, an emerging trend that may indicate Austin's tech cycle 4.0.**

Industrial signs stable. The Austin industrial market has seen **falling vacancies and escalating asking rents** in recent years.

Good minds think alike. Austin is a metropolitan leader in patent production with patents for inventions rocketing out of the recessions since 2000. As a result, **Austin's creative class is changing the real estate face of the city one patent at a time.**

A room of one's own. Austin has seen rapid multifamily development in the urban core. This trend has been stimulated by Austin's ever strengthening workforce and the **influx of millennials willing to pay for access to the central city's cultural offerings.**

The doctor is in – literally. **The life sciences industry is quickly imbedding itself in Austin's tech DNA.** The northeast end of the Austin CBD will be developing even stronger life sciences ties to its economy following completion of the Dell Medical School.

Why the focus on commercial real estate? Not only is it an important component of Austin's economy, it bleeds into so many other areas. **Take construction and its economic spinoffs, such as furnishings, movers, etc., but, importantly, its contributions to the city's tax base. It's big.** Okay, we're about to analyze how Austin is getting to this "18-hour city" concept. It involves a dense urban core that is emerging as we speak. Check out the next item.

“Downtown Austin is the engine that drives this city, from an economic viewpoint as well as for its unique vibe and amenities,” commented a top exec of a worldwide firm. This belief contributes to the label of Austin as an “18-hour city.”

You’re aware of labels attached to larger cities, such as New York City that has been called “the city that never sleeps.” **NYC is the quintessential example of a “24-hour city” – “a city where you can order Chinese food at 3 a.m.”** as one wag suggests (yeah, but can you easily order breakfast tacos, rather than bagels?).

Austin doesn’t fit the mold of a 24-hour city, nor does it fall into the niche occupied by smaller cities that operate on a more traditional 9-5 business schedule (you know, cities they say roll up the sidewalks at dark). Hence, the designation of Austin as an “18-hour city.”

Or as CBRE, the worldwide commercial real estate firm, observed: **“Austinites work later and then seek entertainment after midnight in music venues, and later at festivals”** -- essentially combining the best of both the larger 24-hour and smaller 9-5 worlds.

Did you just say, “Mercifully, the Uber/Lyft election will be over when I wake up Sunday morning?” Never, in Austin’s lively political past have so many been subjected to so many “messages” about a single proposition. Mailboxes have been stuffed, radio airwaves have been crammed with ads, as have TV channels and newspapers. The election is Saturday. But, no matter which side prevails, it will not end the debate. The decibel level will only be lower.

Even as this is being written, we feel a little twinge of guilt about even mentioning the election. We simply feel the obligation to let you know **you will not have heard the last about Uber/Lyft** just because “the people will have spoken” Saturday.

What can possibly happen? It of course depends upon the results of the voting. But you can see a scenario where the **Mayor/City Council will revisit the issue**, or that **Uber/Lyft will not go quietly into the night** if their side is on the short end of the vote-counting.

From Uber/Lyft’s standpoint, there is too much at stake locally and globally, while they are establishing a worldwide brand with no general ground rules. Then there are other interests – such as the **taxi companies** who feel the competition, or the **individual Uber/Lyft drivers** who are raking in some “extra” dollars.

By the way, in case you want to weigh in and didn’t vote early, the polls are open from 7 am to 7 pm, Saturday. **No matter what your voter registration card says, you can vote at any polling location where you see the “Vote-Aqui” sign.** And you do need a photo ID.

No other business enterprise has had as much daily influence on Austinites (for almost a century and a half) as the *Austin American-Statesman*. It has gone through a number of changes since it started daily publication in 1873. Now, with the expansion of so many sources of information during this Internet Age, it is re-inventing itself like newspapers everywhere.

The *Statesman* is relying heavily on the Internet, as it must. The latest figures we have seen indicate it only has a **daily print circulation of less than 130,000 that increases to about 184,000 on Sunday**. This smaller circulation is a reflection of a reduction in ad revenue.

Changes? The *Statesman* has committed major reporting resources to **enterprise/in-depth reporting, primarily on government-related issues**. And it's racked up a number of awards for this coverage. It recently underwent a "graphic re-do" changing the layout, print faces, and the general "look" of the print version, as well as its web presence.

The most recent visible change is expanded emphasis on tech coverage. It created 512tech.com to cover all things in the city's tech world. "What we wanted to do was **really see if there was a way to better capture overall the sort of culture of Austin's technology scene**," Editor **Debbie Hiott** told a trade publication. "Not just the deals, not just the gadgets, but what it is like. Who are the people? What are the issues? How's it growing? How are they dealing with growing pains?"

This was the second effort to create a niche website. **512tech.com has three dedicated *Statesman* reporters**, plus a couple of editors overseeing the coverage. It follows an effort that takes advantage of its sports coverage that has long been a strength of the *Statesman*. **So it created another niche website, HookEm.com, that is dedicated to stories about the Texas Longhorns.**

What's next? Additional sites could be built for topics like food and entertainment.

Dr. Louis Overholster told his nurse to "Have a Good Day," so she went home!

Sincerely,



Editor/Publisher