

# Austin Investor News Report ®

The Source for the Austin Real Estate Investors

Issue Q3 / September 2016



It's been a while since our last newsletter, but our delay surely isn't on account of a lack of news. Quite the contrary, so much has continued to happen in Austin that it can be difficult just to keep up! This is one of the main reasons we send out our quarterly newsletters; to make it easier for our clients to keep up to date with all of the happenings - especially as they relate to their investments. We monitored population and job growth, new development and redevelopment, and we can assure you that the wait will be well worth it.

*Monte*  
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An aerial photograph of Austin, Texas, showing a mix of modern high-rise buildings and green spaces. In the foreground, there's a large green park with winding paths and a circular area. A river or lake is visible on the left side. The sky is blue with scattered white clouds.

# Forbes

The city is booming, or rather, it's America's next "boom town" – at least that's how Forbes has described us. "Austin...has become the nation's superlative economy over the past decade," long-time economics reporter Joel Kotkin wrote.

*Source: America's Next Boom Towns*

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Every day, Austin's population grows by 110 people. It is one of the fastest growing cities in America, and the economy is inflating at a pace adequate to handle the influx.

*Source: Austin Grows by 110 People per Day*



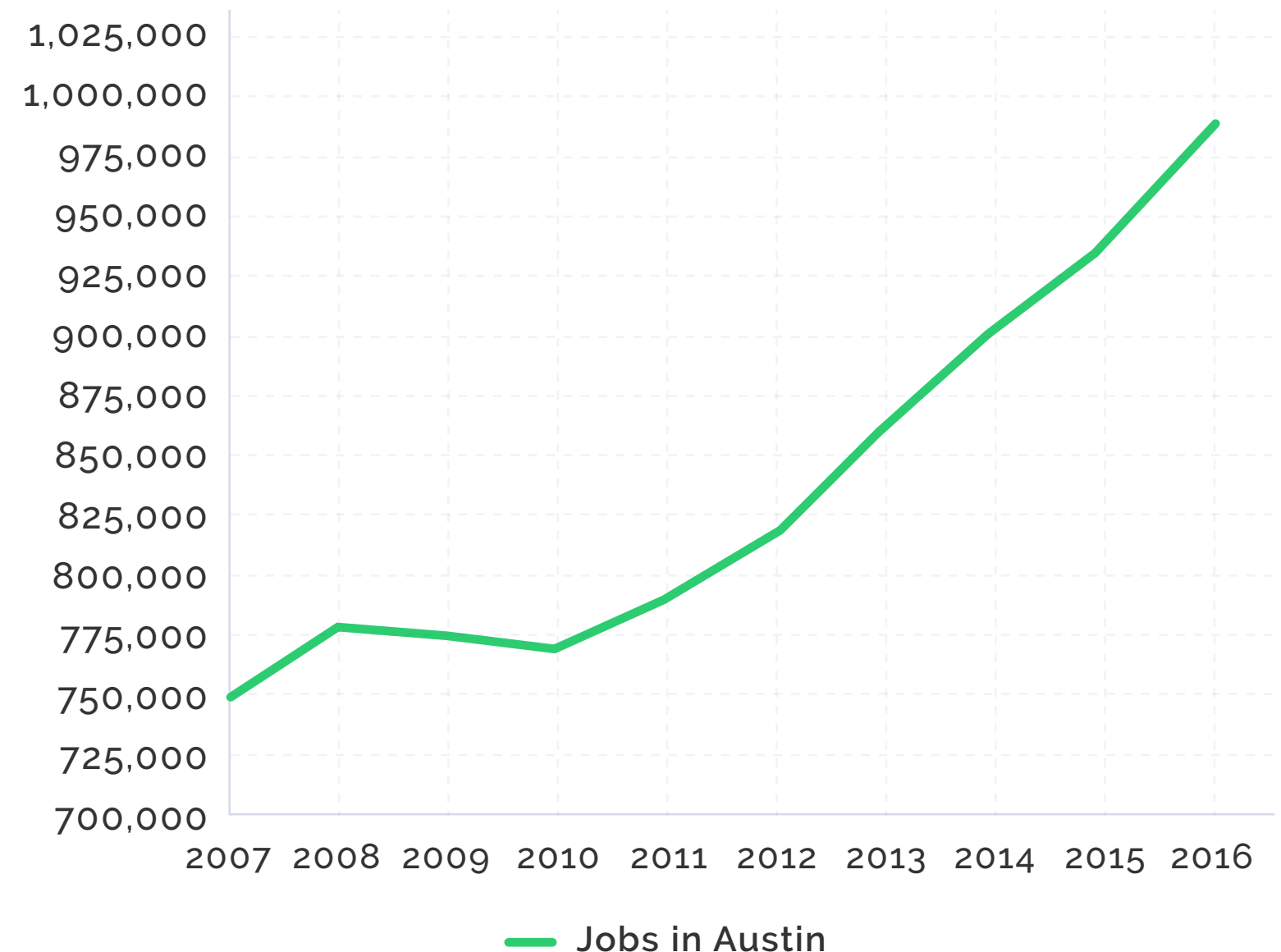
# Job Growth and Inbound Business

From May 2015 to May 2016, available jobs in the city increased 3.9 percent, making Austin's economy the No. 3 fastest growing economy in the country – just behind on Dallas and Orlando. Growth was particularly acute in the private sector, where yearly gains neared 35,000 jobs. With the exception of manufacturing, all private industry divisions felt a boost.

To add to Austin's sterling economic resume: unemployment is at a mere 3 percent (nearly 5 percentage points lower than the city's peak in July 2009), and 43.7 percent of the city's 24 to 44-year-old population is educated (about 10 percent above the national average).

*Source: Austin Chamber of Commerce - Job Growth & Unemployment*

## Nonfarm Payroll Jobs Austin MSA



The city's overall economic performance has been a boon to its residential real estate market.

"Home prices are at their highest level in history in the Austin-Round Rock MSA, and as a result more existing homeowners have been putting their homes on the market this year," said Jonathan Smoke, chief economist at Realtor.com. "...the Austin-Round Rock MSA remains hot relative to the U.S. In July, listings in Austin moved 20 days faster than the US overall and received 39 percent more views compared to the U.S. average on Realtor.com."

In July, the latest month in which data is available, the median price for a single-family home in Austin was \$260,000 after rising 6.1 percent year-over-year, according to the Austin Board of Realtors.

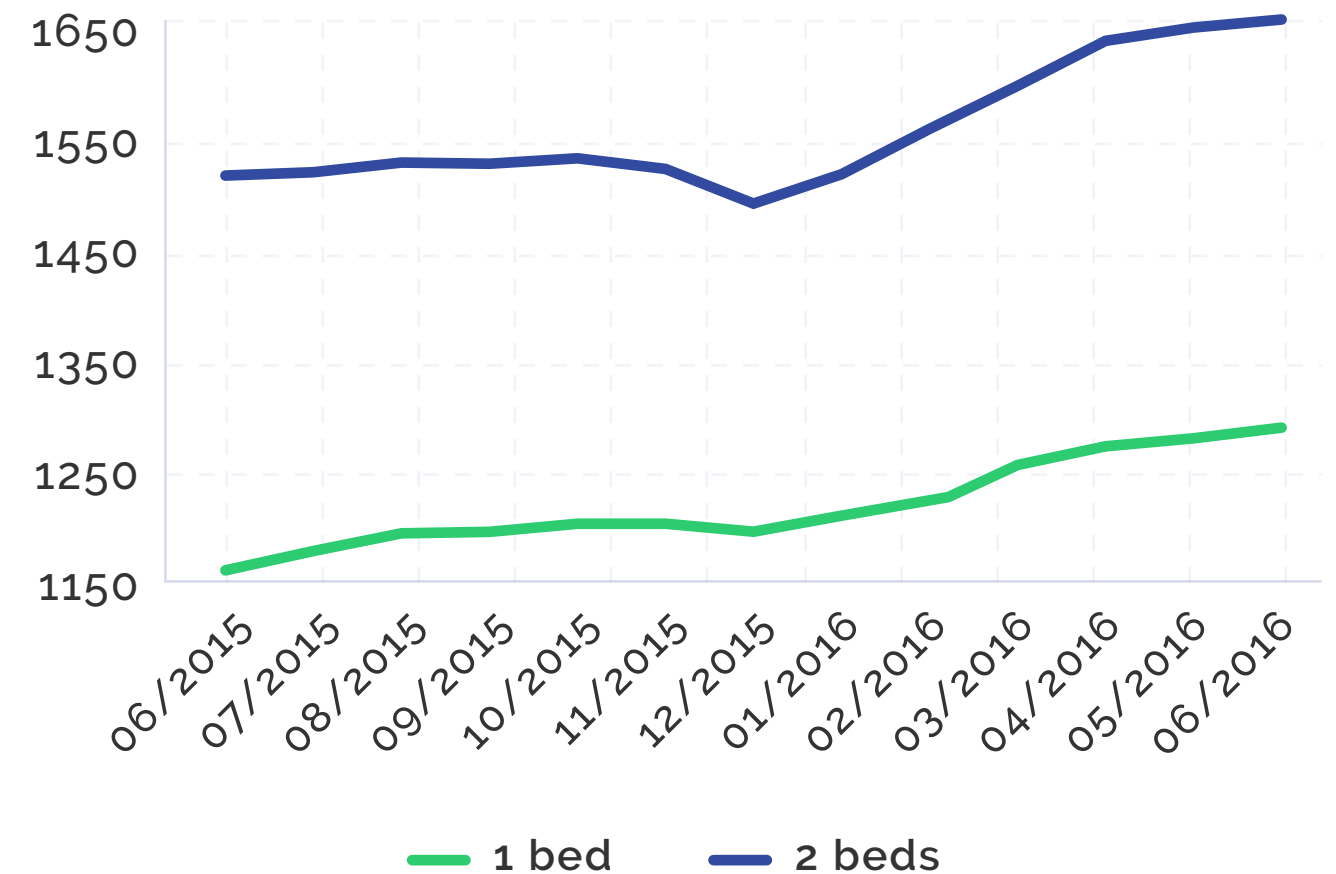
Additionally, rents in Austin have also increased. In the first half of the year, rates jumped 4.2 percent, with average one-bedroom rents increasing by \$57 to \$1,283 and two-bedroom rents increasing by \$75 to \$1,630.

The decade-long success of Austin has led to myriad companies migrating business operations to the city (a big driver in population growth).

In early August, Oracle Corp, one of the world's largest software companies, broke ground on its new Southeast Austin campus on a 25-acre plot of land bordering Lady Bird Lake. The company plans to increase its Austin employment by 50 percent over the next few years and purchase an adjacent apartment building to encourage a better work-life balance for employees, according to a report from local NBC affiliate KXAN.

Source: Austin Board of Realtors July 2016 Market Report

Average rent



Source: Rent Jungle: Austin Rent Trends



# A Developing city

With its increase in population and employment, Austin has become a case study in how an influx of economic influencers can positively impact a city and its real estate environment.

Oracle is only one example of how commercial development has helped the city realize its South Central Waterfront Initiative, which aims to totally transform the area surrounding Lady Bird Lake's southern edge. Businesses like Joe's Crab Shack, Hyatt Hotels, Embassy Suites and One Texas Center have helped turn the area into a hotbed of activity, greatly benefiting residential real estate developers.

Earlier this year, city planner Alan Holt addressed the City Council and explained his vision for the area, which, according to a report from My Statesman, included additional green space and a "cluster of high-rise towers that could be taller than anything currently along that side of the lake."

Ultimately, Holt's plan envisions 8.6 million square feet of development in addition to the already 3.2 million square feet of office, hotel, retail, residential and other development already populating the 118-acre waterfront area.

Meanwhile, both buyers and investors are increasingly interested in Austin's more affordable property to the North. Both Georgetown and Round Rock have been getting a lot of attention as of late, and the Kalahari Resort coming to the latter will make the area even more attractive.

*Sources: Oracle Breaks Ground in Austin;*

*KXAN: Oracle Plans New Campus Along Lady Bird Lake;*

*My Statesman: City Vision for Lakefront*



## Building Success from Success

Over the last year, our investors have seen their portfolios grow right alongside their returns. We're proud of the work we've done and the milestones we've reached in managing your properties, and the synergy we've achieved stands testament to the benefits of quality property management.

When you're steeped in the industry, the rampant mismanagement of properties is easy to find. Often, property owners find themselves holding onto an asset through toxic market conditions when they should have been prompted to sell months prior, or purchased at a time when the market was peaking.

Let's be candid: entry-level investors are easily duped. The real estate market is a complicated one, and when rent collectors masquerading as property managers catch wind of an investor looking to buy his or her first or second property, exploitative relationships can develop. This is why it is so important to find a true property management team that values long-term, reciprocal relationships.

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We don't fix leaks; we prevent them. We don't respond to calls; we do preemptive inspections. We don't let units go unused; we fill them.

Like you, we are also investors, and it gives us insight into what a property needs to be maintained so that tenants want to stay and are willing to pay competitive rates.

We are grateful for your business and your faith in Monte Davis Property Management, and we hope to see it remain and increase.

*Monte*

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