

Austin Market Insights

Austin has been one of the most desirable destinations in the United States for several years, and that trend is not expected to slow in the near future.

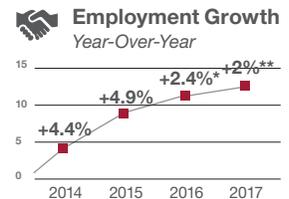
Forbes ranked Austin as the second fastest-growing city in 2015, while the *U.S. Census Bureau* ranked ninth among all U.S. metro areas for population growth from 2015 to July 2016 after the region's population grew 2.9 percent during that time. Population growth during the past year has moved Austin past Cleveland and Columbus, Ohio to become the 31st largest metro area in the U.S.

The U.S. Census Bureau reports that Austin had 2,056,405 residents on July 1st, 2016, representing a 58,301 increase from the previous year. Austin's population has grown a remarkable 19 percent from 2010 to 2016.

A combination of economic opportunity, low cost of living and good public relations have fueled this growth. According to *Marcus & Millichap's 2017 U.S. Multifamily Investment Forecast*, Austin employers will add 20,000 new jobs to local payrolls in 2017, creating a 2 percent increase to the local labor pool. Last year, 23,400 new positions were created.

This constant growth has developers looking to build both single-family homes and apartment communities. Close to 13,000 new units hit the Austin market in 2016, representing a record-high for new completions. Construction is expected to slow to only 9,800 new units this year, but that is still an increase over the 9,000 new units placed on the market in 2015.

AUSTIN BY THE NUMBERS



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“There is so much positive PR on Austin that the development never stops,” said Tracy Hayes, President of Austin-based CWS Corporate Housing. “Even in the tech bust of 2007, people loved the atmosphere here, so there was still a heavy demand. Austin is one of those cities, like a Portland or Seattle, where people always react positively or with curiosity.”

The heavy construction has impacted housing availability, as vacancy has grown slightly during the previous three years. Austin is expected to end 2017 with a 4.8 percent vacancy rate, after finishing 2016 with 4.6 percent vacancy.

Rising vacancy rates have slowed rent growth, as Marcus & Millichap predict the average effective rent to hit \$1,255 by the end of the year, up from 2016’s \$1,213 monthly average. The 3.5 percent increase from 2016 would mark the first time in the previous four years where annual rent growth fell below five percent.

COST OF LIVING AND BUILDING

New construction isn’t expected to slow down as new residents continue to arrive and the cost of construction remains relatively cheap compared to the rest of the country. Texas’ status as a right-to-work state leads to lower construction costs due to the non-unionized labor used in the building process. The vast, undeveloped landscape surrounding the Austin area also allows builders access cheap land to build on.

“Overall, Austin just isn’t very dense,” Hayes said. “I’m in North Austin, and I can look around and still see a lot of empty spaces. Just 10 minutes from downtown are 1,000’s of acres of land that still have cattle grazing on it.”

Hayes points to State Highway 130, a recently-built toll road that runs along Austin’s eastern border, as an area with tremendous opportunity for future developments. The toll road connects North Austin with San Antonio by circumnavigating the city of Austin and the heavy traffic congestion that populated Interstate 35, the main traffic artery connecting the region.

The road was built on the outer edges of Austin, where little development has occurred, but developers are taking note of the new wave of commuters and are beginning to build on neighboring plots of land. According to MPF Research’s Austin Apartment Market Report, Southwest Austin (east of SH-130 and south of US-290) saw the largest inventory growth in 2016 among Austin’s submarkets, with a 20.9 percent increase in housing inventory from 2015.



IN-DEMAND NEIGHBORHOODS SPREAD THROUGHOUT

While the demand for corporate housing is often centrally-located in many U.S. markets, Austin’s housing needs are spread throughout Austin and its surrounding suburbs, as several Austin-based companies have elected to establish offices away from the downtown corridor.

Hayes points to Dell Technologies, one of two Fortune 500 companies based in the area, as an example the region’s corporate reach. Dell was founded in Austin, but has its corporate headquarters located Round Rock, a suburb 20 miles north of Downtown Austin.



Organizations typically request housing close to their corporate offices, which explains why the Arboretum submarket, near the intersection of Research Boulevard and the North Mopac Expressway, is becoming increasingly popular among relocating corporations and their employees. This trend isn’t always true, however, as some Austin neighborhoods are becoming increasingly attractive to different groups of business travelers. Transferring families looking for a quality school system, for example, are frequently targeting the Southeast Austin community of Westlake, while younger workers prefer some of Austin’s more trendy neighborhoods.

“Of course, everyone wants to live downtown, especially millennials,” Hayes said. “They love that downtown lifestyle. But one thing that they are surprised at, is that our walk scores in the downtown area aren’t that great. It’s gotten better recently, but it’s still not great.”

RELATIONSHIPS MATTER

With a large geographic area, strong housing diversity and new opportunities provided by new developments, the region has become a highly popular market for corporate housing with several unique conditions. In order to navigate the features that “keep Austin weird,” Synergy needed to partner with a corporate housing provider with a long history of providing quality short-term furnished accommodation throughout Central Texas. Synergy identified CWS as the premier provider of serviced accommodation in Central Texas, and the two have built a long-term partnership



that has flourished because of how culturally-aligned both organizations are. Each prioritizes the guest experience, ensuring every customer that either Synergy or CWS touches is attended to at a personal level.

“You have your relationship with the client and the relationship with the properties,” Hayes said. “You need good partners to meet those needs. We don’t set up inventory in our outside markets, where we don’t have boots on the ground. We count on the best of the best to be our boots on the ground.”

In situations where it provides housing in a market outside of Texas, CWS serves more of a logistical role while the partners provide the in-unit customer support. Hayes believes communicating these roles in a transparent way with customers is a crucial aspect for serving the guest and building a productive relationship.

“We don’t ask Synergy to take its logos and branding out of the unit because we’re happy to disclose our partners and that we aren’t on-site,” Hayes said. “I want our customers to know who their point of contact and will be the facilitator. I don’t know if in this industry, even when someone is national, it’s impossible to be everywhere, all the time.”

ABOUT SYNERGY GLOBAL HOUSING AND CWS



Tracy Hayes has more than 25 years of experience in property management and corporate housing, including her current role as President of CWS Corporate Housing. Tracy originally joined CWS Apartment Homes in 1994, before helping the organization establish its Corporate Housing brand a year later. She is a Certified Corporate Housing Professional and Global Mobility Specialist, and is a member of the Corporate Housing Providers Association, Vistage Executive Network, Texas Association of Business and Texas Business Leadership Council.



CWS Corporate Housing is known as an industry leader and specializes in short-term furnished apartment rentals in Texas, North Carolina, Georgia, and Louisiana. As a company, they are committed to hiring good people who perform at great levels and have a strong understanding of how to develop and drive top quality. Their excellence and local service is unparalleled. They are a trusted business partner with a number of resources to help their clients find the best accommodations based on their needs. To learn more, visit www.cwshousing.com.



More than just a furnished apartment, **Synergy Global Housing** provides the ultimate corporate housing experience by combining the comforts of “home” with exceptional customer support. Through listening to the needs of the individual guest, Synergy builds custom-tailored housing programs and supports each reservation with an experienced, dedicated team of customer service professionals. With Global Solution Centre offices in the United States, Ireland, India and Singapore, Synergy has the global scalability to service any housing need, anywhere in the world.

To learn more about corporate housing in the **Austin** area, contact a **Synergy Global Housing** representative at (925) 807-1155.

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