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Marketing & Investment Sales

# AUSTIN NEWS UPDATE



June 11, 2017

## Dell, Whole Foods Make New Fortune 500 List

**Austin American Statesman – 6/7/2017**

Two Austin-area companies made Fortune magazine's annual Fortune 500 list of America's 500 largest companies, as measured by annual revenue.

Showing up in the rankings are Round Rock-based Dell Technologies, at No. 41 on the list with \$64.8 billion in annual revenue, and Austin-based Whole Foods Market, which is at No. 176 with 15.7 billion in annual revenue. There are 50 Texas-based companies on the list.

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## Austin Sees Big Rise In One-Person Businesses — And They Aren't All Ridesharing Drivers

**ABJ – 6/8/2017**

Austin's smallest companies are growing in number. The amount of "nonemployer firms" in the region increased by 6% between 2014 and 2015, according to new numbers from the U.S. Census Bureau.

This category of companies includes most self-employed entrepreneurs who manage small businesses, such a freelance graphic designer, photographer, construction worker or ridesharing driver. Austin's 182,550 nonemployer firms, with annual receipts totaling \$9.3 billion, saw average receipts per nonemployer firm rise by 7.6% between 2010-2015 to \$51,167.

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## Dell Reports Stronger PC Sales In Its First Quarter

**Austin American Statesman – 6/8/2017**

## Cranes Fill The Sky As Austin's Building Boom Flies On

**Austin American Statesman – 6/9/2017**

Construction cranes dot Austin's skyline, helping erect towers that will become hotels, offices, condos, apartments and more over the next several years. Currently, there are about a dozen of them at work in downtown Austin.

The building boom has helped put thousands of people to work, according to the Austin Chamber of Commerce. Regionwide, construction and related industries accounted for 59,000 jobs in 2016, chamber figures show. That's a 38 percent increase since 2012, when there were 42,700 construction jobs.

Some of the high-rises under construction downtown include:

- **Fairmont Austin Hotel** – 37-story hotel tower, Red River and East Cesar Chavez Streets
- **The Independent**, 58-story condo tower, West Third Street and West Avenue
- **Fifth & West Residences**, 39-story condo tower, West Fifth Street and West Avenue
- **Aloft/Element hotels**, 32-story hotel tower, East Seventh Street and Congress Avenue
- **Austin Proper**, 32-story hotel and condo tower, West Second and Nueces Streets
- **500 West 2nd**, 29-story office tower, West Second and San Antonio Streets
- **Third+Shoal**, 29-story office tower, Nueces and West Third Streets
- **Hotel Zaza**, 24-story hotel and apartment tower, West Fourth and Guadalupe Streets
- **New University of Texas System headquarters**, 19-story office tower, West Seventh and Lavaca Streets
- **Shoal Creek Walk**, 15-story office tower, West Sixth and Bowie Streets

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## Texas Second Nationally For International CRE Investors

**Recon – 6/6/2017**

Florida and Texas were the top two states where foreigners purchased and sold commercial property last year, according to survey results released today by the National Association of Realtors. California was the third most popular buyer destination.

The 2017 Commercial Real Estate International Business Trends survey analyzed cross-border commercial real estate transactions made by Realtors during 2016. Texas accounted for 19 percent of buyer-side and 17 percent of seller-side transactions nationally. Florida had 26 percent and 38 percent,

Dell Technologies said Thursday that sales stemming from its PC division grew by 6%, to \$9.1 billion, in its fiscal first quarter.

Though Round Rock-based Dell Technologies is now a tech conglomerate that sells a lot more than computers, the PC side of the business remains 50% of the company's overall revenue, and an area where the company is doing better than the market.

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### Austin-Based Hotel Owner Scoops Up 5 Properties Nationwide For \$163M

ABJ – 6/6/2017

Summit Hotel Properties Inc. said Monday it will pay \$163 million to buy five hotels from Xenia Hotels & Resorts Inc. — giving the Austin-based hotel investment company eight new hotels so far in 2017.

The deal is expected to close in the next 30 days and includes properties in Fort Worth, Pittsburgh, Kansas City and Baltimore, for a total of 812 new rooms. The company said it expects to spend \$13 million to \$16 million in capital improvements over the next two years.

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### Why A Fort Worth Homebuilder Wants To Pay A Premium For Austin's Forestar Group

ABJ – 6/8/2017

D.R. Horton Inc., the country's largest publicly-traded homebuilder, has set its sights on Austin-based Forestar Group Inc. by offering a buyout that may trump a previous bid by Starwood Capital Group.

Less than two months ago, Forestar announced that New York-based Starwood Capital Group had agreed to buy the company for \$14.25 per share or about \$605 million. D.R. Horton is offering \$16.25 a share. The new proposal would likely enhance D.R. Horton's homebuilding platform by also creating a Forestar affiliate dedicated to land development and entitlement.

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Alamo Drafthouse Is (Finally)

respectively.

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### 83-Room Boutique Arrive Hotel Coming To East Austin

Austin American Statesman – 6/5/2017



Developers behind a new East Austin boutique hotel say they're just as eager for locals to visit as they are to welcome out-of-towners. Work started this week on the 83-room Arrive hotel at East Sixth and Chicon streets, with plans to open in spring 2019. It'll be the second Arrive hotel; the first is in Palm Springs, Calif., and debuted in 2016.

The five-story East Austin hotel will span 58,600 square feet, including room for shops and places to buy food and drinks. There will also be 3,500 square feet of event space and an outdoor courtyard. More details on retail and dining options at Arrive, which are expected to include two neighborhood-focused restaurants and a coffee shop, will be released closer to opening day.

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### Marketbeat Austin Industrial 1Q 2017

Recon – 6/9/2017

At the close of first quarter 2017, there is approximately 600,000 sf of industrial product under construction and another 1.5 million sf of proposed industrial product in the pipeline, according to Cushman & Wakefield's Industrial 1Q 2017 MarketBeat (see chart below).

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	DIRECT WEIGHTED AVG. NET RENT (OS)	DIRECT WEIGHTED AVG. NET RENT (W/D)
Central	18,900	0%	0	0	N/A	N/A
Far Northwest	5,685,270	7.0%	54,013	231,030	\$14.90	\$5.23
North Central	5,059,583	8.5%	-42,360	0	\$12.72	\$7.80
Northeast	9,465,180	7.9%	-9,172	51,200	\$9.92	\$6.84
Northwest	205,561	0.0%	0	0	\$9.23	\$6.08
South Central	1,064,820	2.8%	-12,252	0	\$15.63	\$8.19
Southeast	9,648,768	9.1%	-123,160	272,500	\$11.89	\$8.38
Southwest	259,731	5.0%	0	0	\$8.00	N/A
Round Rock	6,912,936	8.9%	-76,088	38,400	\$7.98	\$6.33
<b>AUSTIN TOTALS</b>	<b>38,320,749</b>	<b>9.5%</b>	<b>-209,019</b>	<b>593,130</b>	<b>\$12.60</b>	<b>\$6.48</b>

OS= Office Service/Flex W/D= Warehouse/Distribution

Although vacancy rates have crept upward when compared to the record lows experienced in 2016, healthy leasing activity and an ever-expanding population base should keep demand for both warehouse/distribution and flex space strong throughout 2017.

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### Shovels Turn On Transwestern's Expansive Southeast Austin Industrial Project

ABJ – 6/5/2017

## Headed To Los Angeles

**ABJ – 6/8/2017**

*Three years after first announcing its expansion to Los Angeles, Alamo Drafthouse Cinema LLC has signed the dotted line.*

*The Austin-based theater chain will open a location at The Bloc, the Ratkovich Company's long-in-the-works renovation of Macy's Plaza, a downtown shopping center in the City of Angels. The theater is slated to open next year.*

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## Budding Restaurateurs Bring Slice Of NYC To Central Texas With New Eatery

**ABJ – 6/9/2017**

*For their second restaurant, the partners behind SMGB Hospitality Co. wanted to do something completely different.*

*A few months after opening Asian concept Old Thousand in East Austin, they have their hands full with another new project: PS 35, which serves up New York-style pizza and associated fare in Round Rock at 1500 N. I-35, previously the location of Westside Alehouse.*

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## Georgetown's New Luxury Apartments, Hillstone At Wolf Ranch, Almost Ready For Move In

**Community Impact – 6/7/2017**

*Luxury apartment residences Hillstone at Wolf Ranch are expected to be ready for move in around mid-July. The apartments, located at 2300 Wolf Ranch Parkway, Georgetown just behind Wolf Ranch Town Center, offers hill country views as well as access to hike and bike trails and shopping and dining.*

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## Maria's Taco Xpress To Remain At Current Location, Report Says

**ABJ – 6/7/2017**

*Longtime Austinites were dismayed in February when Maria Corbalan, the owner of Maria's Taco Xpress, said that the Tex-Mex eatery and live music mainstay would*

*One of the largest industrial projects in the southeast submarket is being developed by Transwestern's Ridge division at Southpark Commerce Center at 4500 S. Pleasant Valley Road.*

*Nearly 352,000 square feet — more than six football fields — is under construction and is expected to be finished by the end of the year. Transwestern is looking for new tenants for the three buildings under construction:*

- ❖ *Building 1 encompasses about 74,000 square feet and includes 24 dock doors and 180 parking spaces;*
- ❖ *Building 2 is about 144,000-square-foot warehouse with 34 dock doors and 163 parking spaces;*
- ❖ *Building 3 is about 162,000 square feet with 43 dock doors and 124 parking spaces.*

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## Veteran Austin Developer Delivers Upscale Apartments In Tarrytown

**ABJ – 6/8/2017**

*Tarrytown, with its wooded hills and elegant estates, has a new element in its coveted neighborhood — a contemporary apartment project. The area has long been a favorite for Austin's wealthiest families with huge yards and picturesque streets but more dense housing in the form of apartments and condos are in short supply.*

*Developer Steve Beuerlein wanted to change that with The Richardson at Tarrytown — a luxury apartment complex at 3215 Exposition Blvd. The amenity package includes a swimming pool, outdoor grills and a dog run enhanced by the landscaping and Hill Country views. Beuerlein said the property was designed to maximize the existing landscape and heritage trees.*

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## New Owners Of St. Elmo District Development Aim To Revitalize Portion Of South Austin

**Community Impact – 6/9/2017**

*A South Congress development just south of Ben White Boulevard at 4930 S. Congress Ave. will provide amenities to the neighboring developments, according to John Collins, president of St. Croix Capital Advisory Services Group LLC and partner in the acquisition of the newly rebranded "SoCo Park,".*

*Developments in the SoCo Park vicinity, known as the St. Elmo District, include the Saint. Elmo Public Market, a mixed-use project slated to include an indoor-outdoor public market, food truck court, office space, a 150-room boutique hotel and a 360-unit apartment complex; PUBLIC Lofts, a 160-unit retail and residential apartment building; the Yard, a 150,000-sq. ft. revitalized warehouse district turned mixed-use development; and at least four other developments including office buildings, residential apartments and retail spaces.*

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## Real Estate Roundup: Huge Apartment Portfolio Trades, Chocolatier Opens Shop

**ABJ – 6/8/2017**

*Here is a roundup of breaking real estate deals and announcements in the area that weren't included in recent Austin Business Journal real estate coverage.*

be closing its doors due to mounting property taxes. But after a deal to buy the property fell through amid vast community support for the South Austin restaurant, Corbalan has decided it will remain open.

Taxes figure to be an ongoing issue for Taco Xpress, however. Corbalan faces taxes that could rise from \$50,000 to \$70,000.

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## In The Money June 5: Five Austin Startups Raise \$9M, Including Cybersecurity Venture

ABJ – 6/5/2017

Central Texas startups having a big impact on concert-goers worldwide and exposing dark-web breaches led the past week's capital infusions as five Austin ventures raised at least \$9.2 million from investors.

- Everfest Inc., an Austin company with a searchable database of thousands of music and cultural festivals worldwide, closed a \$3.6 million series A round of funding.
- SpyCloud Inc., an Austin cybersecurity startup, came out of stealth mode with \$2.5 million in seed funding.
- Datical Inc. raised about \$2.1 million in funding from seven investors.
- Poquito Inc. raised \$1 million in equity funding from three investors.
- Civitas Learning Inc., an Austin education software developer, announced that Lumina Foundation and Valhalla Charitable Foundation had become investors in its current series D funding round.

[More...](#)

## Did You Know?

- ❖ Flag Day commemorates the adoption of the flag of the United States, which happened on June 14, 1777.
- ❖ Austin is one of the 10 Best Cities to

- A huge apartment portfolio deal transacted in May involving 2,044 Austin units for an estimated \$248 million. The eight properties are all located along Riata Trace Parkway in Northwest Austin near the Apple campus.
- Devon Self Story in Emeryville, California, purchased the 447-unit South Congress Storage, 8008 S. Congress Ave.
- DuraServ Corp. leased 16,000 sq. ft. of office and warehouse space at 6231 E. Stassney Lane.
- Encompass Home Health leased 8,347 sq. ft. at 7901 E. Riverside Dr.
- Pet Supermarket leased 7,040 sq. ft. at Marble Falls Station at the southwest corner of FM 1431 and Bluebonnet Drive in Marble Falls.
- RNR Tire Express and Custom Wheels leased 5,673 sq. ft. at Crestview Crossing, 8120 Research Blvd.
- Helene Park Chocolates leased 1,600 sq. ft. at Cannon West, 6800 Westgate Blvd.

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**WELCOME TO SUMMER!**

**WIN A FUN SUMMER ACTIVITY!**

**IT'S TIME FOR THE AUSTIN DUCK DERBY'S EARLY ADOPTION DAY!**

**ADOPT A DUCK** starting today through June 13 at 10 a.m. for a chance to win a family four-pack of [Schlitterbahn](#) tickets, thanks to our generous sponsor Austin Sonic Drive-Ins! The first 100 ducks adopted are eligible for this week's promotion!

**ADOPT A DUCK TODAY!**

Keep your eyes on the prize! In addition to duck adoption prizes this summer, ducks on race day could win a Volkswagen Jetta from our friends at Hewlett Volkswagen or a Ducati Scrambler motorcycle from Ducati Austin!

**SAVE THE DATE!**

**4th Annual Austin Duck Derby, Presented by Sonic**

Saturday, August 5, 2017  
Ann W. Richards Congress Avenue Bridge  
Family-friendly Festival Begins at 11 a.m.  
Duck Drop at 11:30 a.m.

For more information visit <http://www.duckrace.com/austin>.



*Raise a Family.*

- ❖ *There are 192 properties and districts listed on the National Register in Travis County.*



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