

Why Austin?

#1 best place to invest according to “smart money”

Categories used were jobs, economy, price, building permits, vacancies, & population growth

Value...Value...Value.

Investors are flooding into Austin because experts see great value in home prices and predict increasing appreciation...

- **Rated 3rd out of 150 top metros for best places for business and careers** by Forbes Magazine, May 2005. Austin achieved the #3 spot in America by having the following: High number of advanced degrees, low cost of doing business, low cost of living, low crime rate, abundance of culture, leisure, and educational attainment, income growth, job growth and net migration.
- **#1 emerging city...** yet mostly undiscovered or just beginning to make a name for itself among retirees and baby boomers. Area slated to be one of the boom markets of the future.
- **Ranked among the top four most loved cities by Travel & Leisure Magazine.**
- **Ranked #1 in the U.S.A. for best cities for relocating families in large metro area.**



- **15th Best Retail Market in U.S.A.**
- **Ranked #4 in the top 20 next boomtowns in America.**



**6 lakes located within
1 hour of Austin**

Known for its casual and playful nature, Austin is the playground of Texas...



Situated at the center of the Lone Star State, it stands as the gateway to the Texas Hill Country and the Highland Lakes. As the state capital and home to the University of Texas, the city supports a politically chard and culturally rich environment. Austin is now thought of as the live Music Capital of the World. It's hip, trendy, and high-tech.



3rd Fastest Growing City in the Nation

Over Next 25 Years – Brookings Institute, Jan. '05

- Austin ranked #1 in which to do business and advance careers - Forbes Magazine.

Why companies choose Austin...

- Well educated work force
- Favorable business climate
- Reasonable tax structure
- Outstanding quality of life
- Presence of world-class research university
- Wide-ranging cultural and recreational opportunities
- Ability to recruit, attract and retain high-quality personnel
- High degree of high-technology industry conglomeration
- Lower cost of doing business: Austin's overall business costs are 6.1% below the national average
(Source: Economy.com)



A few of Austin's major employers

- University of Texas at Austin
- Dell Computer Corp. HQ
- City of Austin
- Austin Independent School District
- Motorola
- Intel
- Seton Healthcare Network
- IBM Corp
- Samsung
- Hewlett Packard
- HEB Grocery
- State Farm Insurance
- MCI services
- Girling Health Care
- Whole Food Market World Headquarters
- Microsoft
- OVER 19,000 BUSINESSES WITHIN A 5 MILE RADIUS

Anchored by the state capitol, the University of Texas and nearly one hundred tech companies – led by \$40 billion giant Dell – Austin is one smart city. It boasts the best weather in Texas – sunny and dry. **Discovered as Hip Town, U.S.A.**



- **Average Commercial Property Values up 11 Percent in 2004**
- **Rising Office Rents,**
- **Declining Vacancies**
- **Strong Retail Growth**
- **95 Percent Retail Occupancy**

- **Job growth in Austin area stays on upswing – Central Texas region is on track to hit boom-level employment numbers.**

Employers have hired 16,100 new workers in the past year, putting the region on track to return to the number of jobs it had at the peak of the tech boom by the end of the year (Austin American-Statesman July 23rd 2005).



- **Austin-Area apartment rents on rise.....** Occupancy hits 3-year high as region moves away from being a renter's market (Austin American-Statesman, July 8th 2005)
- **6+ Percent Population Growth in 2004**
- **Austin is the Nations #1 wired city** (computer technology)

BEST PLACE TO INVEST ACCORDING TO “*SMART MONEY*”

Each category is given 0 to 10 points.

Metro Area	Jobs	Economy	Price	Bldg. Permits	Vacancies	Pop. Growth	Score
Austin, TX	4	10	6	9	5	4	76.6
Nashville, TN	8	6	10	5	3	4	71.2
Tucson, AZ	6	10	7	7	3	3	70.7
Salt Lake City, UT	8	10	8	3	3	2	69.3
Forth Worth, TX	6	10	7	6	3	3	68.5
Dallas, TX	4	10	7	6	3	2	65.7
San Antonio, TX	8	6	8	5	4	2	65.5
West Palm Bch., FL	3	8	10	4	2	5	63.8
Norfolk, VA	10	4	9	4	1	3	63.3
Sacramento, CA	5	4	7	8	4	4	63.0
Las Vegas, NV	6	6	8	5	1	5	62.4
Orlando, FL	6	8	6	6	1	4	62.4
Jacksonville, FL	3	6	8	7	4	3	60.7
Atlanta, GA	9	2	6	6	3	4	60.7
Phoenix, AZ	8	4	5	7	3	4	60.3
Memphis, TN	9	2	7	9	1	3	60.0
Tampa/ St. Petersburg, FL	2	8	5	8	3	2	55.2
St. Louis, MO	7	0	8	8	3	1	54.9
San Diego, CA	4	8	2	6	4	4	54.6
Riverside/ San Bernardino, CA	2	10	6	3	2	5	54.4
Tulsa, OK	8	2	7	6	2	1	51.7
Oklahoma City, OK	6	2	7	6	3	0	49.6
Orange County, CA	5	4	2	6	4	3	49.1
Baltimore, MD	6	2	5	5	3	3	46.4
Los Angeles/ Long Beach, CA	8	0	7	3	3	2	45.7
Portland, OR	8	0	6	3	0	2	39.1
Honolulu, HI	3	0	10	0	4	0	34.8

Reassuring statistics pop fears of housing bubble in Texas

Is there a housing price bubble in Texas that is about to burst?

Researchers at the Real Estate Center at Texas A&M University are standing by the position they took a few years ago – no bubble here. Now, a new study by a Center researcher has the numbers to back them up.

While the housing-appreciation bubble may burst in some markets in the country, Texans need not worry. Homeowners here have seen their property grow in value, but not to the extreme, and Center researchers continue to say homeowners and real estate professionals need not worry about the bottom falling out. A worst case scenario would be a flattening out of home prices.

From 1999 to 2004, the average price of existing homes sold in Texas rose 24 percent to \$164,400, and the median price rose 28 percent to \$129,600.

Dr. M.A. Anari, a research economist with the Center, devised two measures to help determine if Texas home prices were dangerously high. These ratios are similar to the price-to-earnings ratios of stocks, which investors use to determine if a stock is overpriced.

Anari studied home price-to-rent ratios in Texas markets and in other areas of the country. These were compared to the growth rate of home prices. He found that there is a maximum home price-to-rent ratio that depends on the local economy. When this number is exceeded, home prices generally fall.

Current home price-to-rent ratios for all Texas metro areas are below

the maximum ratios. So the risk of a price bubble in the residential market is low.

For example, if the price-to-rent ratio in Austin exceeded 24, it would be a signal of future price declines. But Austin's price-to-rent ratio was 20 in 2003 and fell to 18.1 in 2004, so a steep decline in Austin home prices is not likely.

Anari also looked at the relationship between home prices and income. The ratio of home prices to family income in the United States averaged 3.59 in 2003. This average may be considered "normal".

All Texas cities posted a ratio lower than 3.59, meaning that Texans paid less on average for their homes than the majority of U.S. residents when compared on the basis of their incomes.

To learn more about home appreciation in selected Texas markets, see "Bubble Talk" by Anari in the July 2005 of *Tierra Grande*, the Center's quarterly magazine. The article may be downloaded for free at <http://recenter.tamu.edu>.

The Real Estate Center (<http://recenter.tamu.edu>) has been providing solutions through research for nearly 35 years. Funded primarily by Texas real estate licensee fees, the Center was created by the state legislature to meet the needs of many audiences, including the real estate industry, instructors, researchers and the general public. (Resource: Austin-American Statesman, August 21st 2005)