

The Weekly Take

Hot in the City: Shaping Austin's future

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Spencer Levy

A government town that courted innovation and industry. A college town that has emerged as one of the top tech talent markets in the nation. A city that's grown and evolved into a model for the future, enjoying huge growth and facing the challenges that come with it. On this episode, the story of Austin, Texas.

Gary Farmer

If you look at Austin's economy today, it is wholesale different than it was 20 years ago.

Spencer Levy

That's Gary Farmer, President of the Heritage Title Company of Austin, which operates throughout the major markets of Texas. He's been in the business since 1985 and also currently serves as chairman of the Greater Austin Economic Development Corporation, among other board positions he's held throughout his career, and is a proud graduate of the University of Texas right here in Austin.

Bradley Bailey

We're not like other cities in the sense that we're Austin. We're experiencing some of the same problems of other cities after the pandemic from work from home. But we've bounced back much faster than other cities or other regions.

Spencer Levy

And that's Bradley Bailey, a Senior Vice President who leads CBRE Capital Markets Investment Properties in central Texas. He'll help us find out why Austin is on the move, influencing what the city of the future will be. Coming up, our tour of forward-looking places hits the heart of Texas – Austin, Texas, shaping tomorrow's cities. I'm Spencer Levy, and that's right now on The Weekly Take.

Spencer Levy

Welcome to The Weekly Take, and we're here today. What a privilege to be interviewing one of my very good friends in the industry, Gary Farmer, President of Heritage Title Company of Austin. Gary, how long have we been seeing each other? 20 years? I don't even know.

Gary Farmer

20 years for sure. A great joy.

Spencer Levy

So, Gary, you've been a tremendous leader in this town and you look out the window and it doesn't look like it did 20 years ago.

Gary Farmer

No, no it doesn't.

Spencer Levy

It looks, it's quite an extraordinary story. And we're going to talk about that today. And then we're joined by my friend and colleague Bradley Bailey, Senior Vice President at CBRE. Bradley, thanks for coming out.

Bradley Bailey

Thank you.

Spencer Levy

So, Gary, let's start with you. Tell us a little bit about how it's going in Austin today and then we'll get into some of the great changes that we've seen over time.

Gary Farmer

You bet, Spencer. Thanks so much. I would tell you that Austin, Texas, is very solid today. Our relocation rate of new companies has slowed a bit since the pandemic era, the post-pandemic era. I was looking the other day. If we continue on pace, as we have through June, we will annualize to 48, 49 new companies coming into the region this year.

Spencer Levy

This year.

Gary Farmer

This year. And that's against a five year average. If you throw out the high and the low, the high being the year after Covid. '21, we had 90 relocations. Last year we had about 37. So if you look back seven years, throw out the high, the low, the five year average is 52. So if we're at 48, 49, we're banging right in there on the averages. So I would tell you that Austin, Texas, is very solid. We're moving forward in a lot of exciting ways, and I think the future is incredibly bright.

Spencer Levy

Bradley, would love your take on it. And let's get a little, I guess, closer to the ground. From a real estate perspective, how is it doing?

Bradley Bailey

We're not like other cities in the sense that we're Austin. We're experiencing some of the same problems of other cities after the pandemic from work from home. But we've bounced back much faster than other cities or other regions. So I think we are coming out of a dip and we usually recover much faster than most cities. So I'll agree that with Gary and the fact that I think we're going to be a lot better off as we continue to move forward in the marketplace. The investment scenarios are basically, in some cases, reassessed on where we are with everything.

Spencer Levy

Gary, when people think of Austin, they think of a lot of things. They think about the entertainment scene, live-work-play, but they also think about it as a tech town. Is it a tech town?

Gary Farmer

It is a tech town. It's very much a tech town. Semiconductor and software continue to be our very strongest attributes. We have about 170 semiconductor-related companies in the Greater Austin area. 100 of those are related to manufacturing. Not just the semiconductor chips, but the equipment that makes the semiconductor chip. We have over 60,000 employees in that industry alone. But wait, there is more coming. If you look at Austin's economy today, it is wholesale different than it was 20 years ago. I mean, we have life sciences, over 300 companies in the life sciences, and we're just getting started. There's a lot to talk about there. Automotive manufacturing. Last month, looking at our prospect activity, 259 companies considering the Austin MSA as a home. The number one was manufacturing and distribution: 45. Number two, automotive: 38 companies in the automotive sector looking at this region as a place to call home. So life sciences is huge. Automotive is huge. Aerospace and defense. Who'd have thunk it? We had 20 prospects in the aerospace industry. So not only are we a tech town, we're a tech town plus. And you can pick any of the financial services. Austin was a tremendous beneficiary of the pandemic because we had so many and so much venture capital and private equity enterprises move to this place for quality of life purposes. They could do the remote deal. Everybody didn't have to come. But decision makers came in droves and we're the better for it.

Spencer Levy

It's interesting you didn't even mention two of the drivers that I would have mentioned, and one of them is UT-Austin. And you also didn't mention the state capital being here. How much of those play into the local economy?

Bradley Bailey

They're huge. But, you know, when I grew up in Houston, those were kind of when you thought of Austin. Those were the only two things. And now, as Gary mentioned, those don't even make the list. Not to say anything bad about UT, because obviously, UT and the capital make a huge difference and an impact on what goes on in Austin. But they add what they can add to the sense of the city. And they now are just part of the culture.

Gary Farmer

Well, I'm going to admit, Spencer, if I could be a proud Longhorns alumni. There's no question that any state capital is important in a state or a city's economy. And the University of Texas at Austin is, by any and every measure, a tier one research university. It's one of the top universities in the world. And the things that UT is doing right now are helping to drive these various aspects of the economy. I mentioned life sciences. We would not have a life sciences industry but for UT-Austin creating a medical school and a teaching hospital here in Austin, Texas. Something we talked about for about 100 years, but when Opportunity Austin came along, we made it a focus. We put muscle and money behind it. UT embraced it. And so now we're very blessed in the life sciences arena. What UT is doing in the tech sector is unbelievable. Everything related to packaging and processing, which is a brand new facet of the semiconductor industry. Samsung has announced \$45 billion of investment in the semiconductor arena. But guess what? They have another 150 or so billion in tax abatement approvals. Doesn't mean they'll spend a penny, but I rather suspect they will. I believe that Austin, Texas will be the epicenter of advanced semiconductor manufacturing in the United States. If we're not already, we very much will be. I didn't mention state capital and UT. They are bedrocks or they are cornerstones. But I was looking forward, not backwards, when I answered your question the first time.

Spencer Levy

So we're sitting here at our beautiful offices in downtown Austin. I'm looking out the window and a lot of building out there. I can see multiple cranes, 3,4, 5 buildings that are partially constructed. And that's a good thing. And it's a challenging thing at the moment. The good thing is that you're growing like almost no other city in America. The bad thing is it's led to a little bit of softness in the multifamily space, a little bit of softness in office. Is that a problem for the long term?

Bradley Bailey

Not for the long term. We need it. We've had shortages in those areas for affordability and office companies trying to get here and find space. We've had pent up demand during upturns and so this is a little bit of a market correction. Long term, I think it's good. And I think it's going to be absorbed very well as we move forward.

Spencer Levy

One of the things you mentioned, Gary, was Opportunity Austin. And I could've mentioned other things that were bigger picture. What's the secret sauce here? What is the Austin secret sauce that makes it different, more dynamic, than almost any other city in America?

Gary Farmer

It's the students. It's the talented workforce. We have a younger population. Younger than the national average, younger than the state average. We have a better educated population. Better than the national average, better than the state average. I think actually, Spencer, we're number 3 or 4 in terms of degree workforce. We are a magnet for new folks coming in. Those new folks by greater than 50% have a four year college degree. So not only is it accretive qualitatively, it's also, of course, accretive quantitatively. So it's the workforce. It's the qualified workforce that we can deliver to companies. There are over 400,000 college students in class at universities within 100 miles of where we are sitting here this morning. Four of those universities are tier one research universities. The state of Texas has more tier one research universities than any other state. For a very long time it was California. We surpassed them a few years ago. I think we now have 11 tier one research universities in the state of Texas. It's a great place for people to come for education. There's a value proposition associated with that education, and we're producing the kind of workforce that we need for the future.

Spencer Levy

Now, when you take a look at Austin, it's scoring on tech talent in our new report, it hit an all time high. It's now the fifth city in America. When we first started doing that report, I don't even think it was in the top 20. And it just keeps creeping its way up. But Austin still isn't that big relative to some of the megacities like a New York, a San Francisco, an L.A.. And so it makes me look towards San Antonio. And why don't the two MSAs grow together given that San Antonio was probably, what, 4 or 5 times the size of Austin, maybe more? It's a much bigger city. What's the future of Austin and San Antonio?

Gary Farmer

I would tell you the future of the Austin, San Antonio corridor is bright, exceedingly bright. In 2003, when we did our first economic development strategy, last page, last bullet point: when appropriate, do a joint mega regional economic development strategy. We weren't ready. San Antonio wasn't ready. That's all changed now and we are ready. And in fact, Spencer, we collaborated and cooperated with San Antonio during the last legislative session, 2023. And we walked into the State Capitol arm in arm with a common legislative agenda on workforce development, junior college funding, transportation in the corridor, a

number of mutually beneficial legislative action items. And I tease and say we walked in the front door of the Capitol arm in arm, and Houston and Dallas looked and said, oh my, that's the color of your eyes. Because they had always been looking at the tops of our heads. But together, Austin and San Antonio stand with equal stature to Houston and Dallas. And importantly, we had a very major piece of legislation that Opportunity Austin and Greater SATX, jointly were the point of the spear. It was called House Bill Five. That's why we have Tesla. That's why we have Samsung in Austin. That's why San Antonio has Toyota, while North Texas has Texas Instruments. We carried that legislation through, got it passed on the last day of the session. It's now the law of the state of Texas. And it's going to be a very valuable tool to continue to attract these advanced semiconductor manufacturers, the auto manufacturers, etc., etc.. So Austin and San Antonio are starting to work together strategically. We will work together. I mean, just consider. We have Tesla, San Antonio has Toyota. We've got automotive talent in both labor sheds and we've got a bunch of beautiful land in between. And so the future of Austin, San Antonio is very bright.

Spencer Levy

Getting just down to the weeds level, who are we seeing as buyers? Who is coming to this market and why?

Bradley Bailey

We are seeing private capital from out of the market. California, 1031s. We are seeing New York, Chicago, Florida. We are seeing a lot of that. We are seeing high net worth families that are investing here. The institutional capital has slowed a little bit in the last couple of months, honestly. But they are starting to open the lines to look at more opportunity. We were always considered a tertiary market for a long, long time. We've really only been an institutional market on the radar probably for less than ten years. If you look out the window here, most of the buildings are less than ten years old. And so I still think there's more to come. I think the people that are starting to play here are only going to get bigger and better. We have Korean companies that are coming. We sold a building on Congress to a Korean family that is a subcontractor to Samsung, and he was coming here, staying downtown and looked at several of the buildings on Congress and said, I want to own one. And so we sold him one. So there's opportunity here for capital coming from everywhere.

Gary Farmer

Brad made a good point, Spencer, and that is a great percentage of our office stock is less than ten years old. And we've got more office under construction. There are at least four projects downtown.

Bradley Bailey

Yeah. Yeah.

Gary Farmer

Everybody I talk to in any market, when they talk about the office market, they talk about flight to quality. We've got quality. We've got buildings that will accommodate all those who are seeking the newest, the best, and the brightest. And it's right here in downtown. And you mentioned live-work-play. The whole of downtown is live-work-play. A lot of these cranes over in Rainey Street, that's all residential for sale and for rent. And then you move a little bit more into the core of the CBD. There's still cranes up with brand new office space. And then the entertainment district is downtown. So we've got live-work-play all over the place. You know, from 2017 to 2022 for sure, there were two comments that were most often heard when prospects were coming to Austin to look at space. Number one,

Austin doesn't have the space that we thought you would have. And number two, the space you have is more expensive than we thought it would be. For 4 or 5 years, we couldn't accommodate a 50,000 foot requirement downtown. We can today. We have space. We have plenty of space. Prices have softened a bit. And so there's an opportunity waiting for people who want to look, for companies that want to look, in downtown Austin.

Spencer Levy

So as we mentioned at the outset, CBRE just came out with a report called *Shaping Tomorrow's Cities*. And in that report, Austin is classified as a, "developing destination," and developing destinations are markets that are defined by a vibrant lifestyle, demographic growth, and unique identity. Number one, are we describing Austin accurately? And number two, tomorrow, who does Austin want to be, if anybody?

Bradley Bailey

If you look at that report, there are six items actually on the shaping the future of cities. And I think when you look at those, we hit on basically all of them. What's not in there that I think is unique to Austin is we're in Texas, okay? We're sitting in Texas. And there's a certain degree of culture, I think, across our state. There's a pride across our state. We still teach Texas history in seventh grade. I think when you factor that in to our city and our culture and the fact that we're friendly and people are kind, people want to be here. We want to attract businesses and we want people to succeed and we want people to feel safe. We want people to do well. I think those all play into all those aspects in what makes Austin great.

Gary Farmer

I think we have a very unique character about us and I think we will work to keep that character over the very long term. I think we will grow faster and better than most. I mean, we are the 11th largest city in America, only about the 32nd largest MSA, I believe. But over the last 20 years, we've had the second strongest GDP growth in America, only behind Silicon Valley. 154% GDP growth. Amazingly, we've had 294% wage growth. \$77 billion of new wage in 2023 over 2003. Went from 26 billion to 103 billion. That's a lot of dough. And we're going to grow even faster going forward from an economic strength perspective. Again, now we have Samsung. I mean, 45 billion or whatever it is that they've put in. Tesla came and said, we're going to invest a billion and five in their last census. They've invested 5.5 billion. They were going to hire 5000 people. Earlier this year, they had 22,500 people. I mean, we're on the cusp of something that's going to be special.

Bradley Bailey

It's interesting. Gary and I have been here a long time. Originally, we were a small market and we were telling people, hey, you should come here. And everybody was going, you're too small. So they kind of missed that first run. And then when they realized there's an opportunity, they're in it, and we still think there's more room to run.

Spencer Levy

So we've been discussing the *Shaping Tomorrow's Cities* report and we talked about a lot of the elements about the report. And I think it does a terrific job of describing what Austin is. There are some other elements of it that we didn't touch on, and one that could be perceived as negative is it's getting more expensive to live around here. The cost of living has gone up. But my dad would say that that's called a high class problem to have because the alternative is way worse. So what's your point of view on that?

Gary Farmer

Well, you're right. It is more expensive in Austin than it has been historically. But if you just look at the cost of living, we're actually a shade below the national average. So while cost of living, particularly cost of housing, whether rent or own, is a problem for some of our young people who are just coming out of college, for those who are moving here, we're still a bargain. I mean, our greatest source of companies and therefore people is California, New York, Illinois. We're cheaper than any of those markets. We do need to focus on it. I think our city has now taken up the cause and we're trying to do workforce housing in addition to affordable housing. So I think we're working on that density and diversity of housing throughout the region, which will help. By the way, home prices are down from the pandemic spike and rents are down. I'm not sure, I think rents are down 6 or 8% from peak. And by the way, first and second quarter were both record quarters for absorption in the multifamily market. So things are getting better for the multifamily folks. So it's an issue. It's a problem. We're focused on it. We're working on it. I hope we can bring some real answers.

Bradley Bailey

One of the interesting things about that report, there was one thing about having diversity of people in different age groups, and we talked a little bit about how young our city is. But we're starting, we have retirement communities here in Georgetown, Sun City's developing another phase. And it seems like they continue to grow in Georgetown with the over 55. We have over 55 communities in San Marcos with Kissing Tree. And then we have opportunities for retirees to live out at the lake or Marble Falls or ranches. There are people from all different backgrounds that live here and work here, and also retire here. So I think what's interesting with the *Shaping Tomorrow's Cities* is, we're experiencing the same problems that all really high growth cities experience. It's not unusual for us to deal with this. We've been dealing with it for a long time. We haven't caught up on infrastructure. As soon as we build a lane, it gets filled up. But that's just a fact of us having this success, like other cities that are in our classification.

Spencer Levy

I think it's interesting you mentioned a fact that isn't mentioned enough. Having young people is terrific, but there needs to be that diversity in a variety of ways, including the average age of the person. There's a lot of older folks here, as well, and add a lot to the community.

Gary Farmer

We have mentors and mentees.

Spencer Levy

There you go. So two other cities that I look at that have similar but not the same characteristics as Austin are Nashville and Salt Lake City. And I mention those two specifically because they both did the same thing, specifically. They put billions of dollars into their airports. So infrastructure, airports, roads, whatever it might be, what's next for Austin? What does it need to stay on its growth trajectory?

Gary Farmer

So you mentioned the airport. You're likely aware we have plans for a new terminal. They're working on that feverishly. I think it will provide 30 new gates. So that's a major step up. Long term, they have plans for a third runway, but unfortunately, that'll be after I'm room temperature, I fear. But we have a great airport and it's going to be only better. We're working on Interstate 35 through the middle of town, a \$7.5 billion project to expand and

improve I-35. We're working on roadways all around the region. 183 to the northwest. 290, 71 interchange in the southwest. We've invested in the last 20 years over \$20 billion in new roadways. We will continue to do that. We've got to be thoughtful and forward looking about power and about water. We're a region of 2.5 million people. The demographers tell us we'll be 5 million people in 2050. That's a mere 25.5 years. And those are long lead items. And so we need to be more thoughtful about that and make sure that we can assure that we have the water and the power that our people need, our industries need. And we're working on that, as well.

Spencer Levy

You mentioned, Gary, at the beginning an unusual diversity of economy, not just by industry, but by the fact you have knowledged workers and then you've got good old fashioned manufacturing, which is very unusual. And one of the biggest trends in America right now is reshoring of manufacturing. Some of that has to do with another untapped, or at least in my perspective, untapped area of opportunity is Mexico, which is right here. What's your point of view?

Gary Farmer

You know, I'm trying to get to San Antonio. So that's the next step.

Spencer Levy

Yeah.

Gary Farmer

But I think your point is well made. I mean, Monterey is.... I mean, you could be there in an afternoon, right? And Nuevo Laredo, I mean, the largest inland port in the country. We should have a very strong and vibrant working relationship with Mexico and with the industries there. Mexico is the number two source of international domicile companies opening offices in Austin. Canada, one, Mexico, two, and then it goes global. So we have room to run there. And we should be in exploration mode and discussion mode, negotiation mode. There's a lot of things we can do. A very good rail system would be helpful. We don't have a railhead in Austin where we can onload and offload heavy goods. That has to happen in Temple or San Antonio. So we need to think about things like that. There's great possibility. It's a great question, one I haven't thought a great deal about, but that's my guttural reaction.

Spencer Levy

So when we think about real estate today, when we're speaking to big occupiers, how do we address not just their needs from an office and industrial standpoint? How do we address the full 360 of multifamily, data centers, other needs that they're going to have in this community?

Bradley Bailey

Well, I mean, Samsung is doing the same thing in Taylor, Texas, right now. As they're finishing their plant, they have workforce housing on site and food and everything on site right now for them. But we're very early in people moving there, that ramping up. Space X and The Boring Company built a little project out in Bastrop. I think it's called the campground or something. Tesla's bringing people from all over the region to work there. My understanding is, and Gary may know this better, they're bringing people as far as from San Antonio and Houston to come work there. 130 has been a huge impact on being able to get people into our city and around the region because of the needs that some of these companies have. Amazon is doing stuff all over the region. Tesla just leased, I think, a

million square feet in Kyle, and I'm not even sure those are leased or.... they're leased, but they're not even occupied or they don't have materials in them. So again, it's one of those things where you start looking at our region and the businesses that are growing... they're here, but not all of them are here. We will have to figure out something creative for workforce housing, more affordable housing, commuting people from different parts of the city, whether it's via bus or rail. We're talking light rail. The city is having conversations about light rail. We're trying to figure it out as best we can.

Spencer Levy

So let's do a quick mental map for people. How far are we from Dallas, Houston, Mexico, San Antonio, just if you were driving?

Gary Farmer

We're an hour and twenty to an hour and thirty minutes downtown to downtown San Antonio, three hours to Houston, three and a half hours, maybe three forty-five to Dallas. So we're right in the heart of the state. You've probably heard, and your listeners have probably heard of the Texas Triangle: Dallas-Fort Worth to Houston to San Antonio, up 35 back to Dallas-Fort Worth, right through Austin. That's where a huge percentage of Texas growth will occur. Both economic growth and population growth will be in that Texas Triangle.

Spencer Levy

Any chance of rail around here?

Gary Farmer

Absolutely. I mean, they're working on a light rail. The voters passed it. It's radically changed. It's somewhat controversial. We'll see what happens. There's some legal challenges. Ultimately, we need a commuter rail, Georgetown to San Antonio, running through San Marcos. I mean, Texas State University in San Marcos, a great university. About 40,000 students now. 35, 40% of those students are Austin residents, they're commuters. Imagine the ability to put those young people on a train where they can do their homework, enjoy social media while not driving, maybe sleep off the night before if they had a big night. I mean, there's a lot of benefit to being able to move those students back and forth. But there's like 100,000 workers that come out of Williamson County into Travis County. I think a commuter rail would be a tremendous asset to this region. And as we look to the Austin, San Antonio corridor opportunities, it's almost an imperative.

Spencer Levy

In terms of insurance, now, Gary, you're one of the leaders not only of Austin and its economic development. You have been a senior leader at Heritage Title forever. What's new in the insurance business? And I'm going to point not just to title insurance, but also property and casualty, which has been a big issue for our clients.

Gary Farmer

Well, with regard to pricing, I'm not the right guy to ask. In the state of Texas, title insurance premiums are promulgated by the state. There were about, I think, 750 or 800 title agents in the state. We all charge exactly the same to the penny. So property and casualty, again, we've got a tremendous real estate market, a lot of new product. That new product is taking advantage of all the best new technologies from fire prevention, etc., etc. We are a safe city on relative terms. We need to do more with public safety, cut down on vandalism, those kind of things, all of which produce claims. Brad would be much more qualified to answer than I.

Bradley Bailey

I think insurance is a major problem for the investors that we deal with. But we live in a state where we're dealing with hurricanes and hail and the, you know, it's raining today. We get occasional rain, but when we get it, we get it. We've had some pretty bad hail storms in the past year. And then, of course, we had a freeze. And I can't believe we're saying that. But in Austin, Texas, we've had a freeze that usually happens every 2 or 3 years where we have a bad winter storm. But other than that, you can walk around the city with a light jacket pretty much in wintertime. But when those things happen, it happens big. And so we've had problems just like other states. I think the claims that the insurance and gestures and insurance companies are dealing with is a real problem. The cost of construction, everything has gotten more expensive, so covering that stuff has become more expensive. But something's got to give a little bit. I don't know where that is. The clients that we talk to, they are trying to... you have to be careful about how much you're bidding and what you're doing and are you sticking with your existing insurer rather than shopping it, because in some cases that's not good. It doesn't bode well if you're trying to drop your rates. So I'm not sure what we're going to do moving forward.

Spencer Levy

Going forward, we gave a very positive story about Austin. We talked about some of the challenges about new infrastructure. 20 years ago, if I looked out this window, I would have seen one building. What's that old, the tower called with the clock at the top?

Gary Farmer

The Frost Bank Tower.

Spencer Levy

Frost Bank Tower. Okay. That was the only building in town 20 years ago, okay. Now it's, you can't even see it out the window. It's right over there. What does Austin look like 5 to 10 years from now?

Gary Farmer

So over the longer arc of history, I always said that in Austin, we abhor sprawl, yet we despise density. Well, you can't have it both ways. And to your point, as you look out this window, density is winning. And so I think you will see more density in the downtown area in select areas of town. And that's a good thing. That density allows for better utilization, more efficient and effective utilization of infrastructure. I think you'll see more live-work-play. There are a number of projects, at least on the books. The District in Round Rock. There's another one in Pflugerville. There's different places around the region that are trying to adopt that live-work-play model where you can have efficiencies. I think you will see more affordable housing. Finally, our city has realized that we've got to have more density and more diversity of housing. Not everyone needs to live in a post World War II, three, two with a leaky toilet on a quarter acre lot. That's not sustainable. I think we're moving in the right direction in regards to the built environment, and I hope that will continue to be so.

Spencer Levy

And Brad, what do you see, as you've been here a long time, five years from now, ten years from now? What do you think Austin is going to look like?

Bradley Bailey

I agree with Gary about a lot of this stuff. The live-work-play environment I think will continue to thrive and those areas that do that will be way more dense and way more

exciting to live and work in. And that goes to the experiential component of our city. But, on the other hand, if you want to live in the suburbs or on a ranch or out at the lake, you've got those options, too. And you may have to deal with a little bit of a commute. But the quality of life, living on the lake or on a ranch or a farm and still being 45 minutes or an hour away from your office is something that not too many cities can offer. Our market's a small market, and a lot of the investors that we deal with in our market have been here a long time. And they were here first and they bought and they bought and they bought and they accumulated. And so it's hard to get into our market. We have some natural barriers to entry in our investment community. And so I tell clients, you need to almost just get in. And once you get in, then you're at least in the system, and it's hard to get in the system. It's very competitive. If you understand what's going on here, which I think a lot of people are starting to figure out: getting in, walking around, seeing it, hanging out, going to a dive bar or hanging out on the lake or seeing people activate and work and do things here is totally different. And that'll make you want to invest here in Austin.

Gary Farmer

Spencer, not to be too wonky or nerdy, but just a couple of facts and figures for consideration. In 20 years, we've created 686,000 jobs in the MSA. That's 102% job growth. Percentage wise, that's number one in America. I already mentioned the 77,000,294% wage growth. Percentage wise, that's number one in America. 77, 78% population growth in the MSA. Percentage wise, that's number one in America. We have spent 20 years, and this is the analogy that I use, we've spent 20 years building a rock solid foundation. This community is ready to go vertical. And I think you will see that expressed in many different ways, particularly in the real property world, in terms of the diversity of capital, diversity of companies, quality of companies that are looking here. We present an opportunity to the world, and we're going to help them help us achieve it.

Spencer Levy

What a great way to end. On behalf of The Weekly Take, what a terrific discussion today with my old friend Gary Farmer, President of Heritage Title Company at Austin. Gary, always great to see you. Thank you for coming out today.

Gary Farmer

Yes, sir.

Spencer Levy

And then my friend and colleague, Brad Bailey, Senior Vice President, CBRE. Terrific job. Thank you for coming out today.

Bradley Bailey

Thank you.

Spencer Levy

For more on Austin and related content, check out our website, CBRE.com/TheWeeklyTake. And if you'd like to know more, feel free to drop us a line using the Talk to Us button on our home page. We'll post a link to the CBRE report *Shaping Tomorrow's Cities*, and it can also be found at CBRE.com/insights. Look for our Scoring Tech Talent report there as well. If you enjoyed this conversation, we hope you'll share it with your network, and also make sure to listen for our other stopovers in cities that are shaping the future. We're now working on an upcoming visit to New York, which the report hails as a super city. We'll take a detour to Cleveland to talk about conversion of office to multifamily and other uses, and the lessons we can learn about Cleveland for

other cities. We'll head to Georgia and also return to Texas to hear what Atlanta and Dallas respectively have done to earn recognition as sprawling darlings, and more. You can stay on top of our lineup by subscribing to the show wherever you get your podcasts or by following us on LinkedIn, as well. Thanks for joining us. We look forward to seeing you again next week. I'm Spencer Levy. Be smart. Be safe. Be well.