

# 远程投资

## 课后作业#1

Group 1

Bessie Wang

## City Selection

Austin, TX

### ■ **PRO – Higher potential for home value appreciation**

1. Fast growing metropolitan area (~21% growth since 2010)
2. Attractive high tech job market (“#1 tech startup town in US”) and strong student rental demand (UT Austin)
3. Moderate - Lower owner occupancy rate (~40%) indicates a potential “landlord” market
4. Landlord friendly state from tenant law perspective
5. Diverse house portfolio to meet different investor’s appetite (i.e. Downtown East – huge opportunity for flipping projects; Business/music events attract travelers -> opportunity for Airbnb to improve ROI, etc. )
6. No state income tax may indicate strong rent growth? (TBD)

### ■ **Neutral**

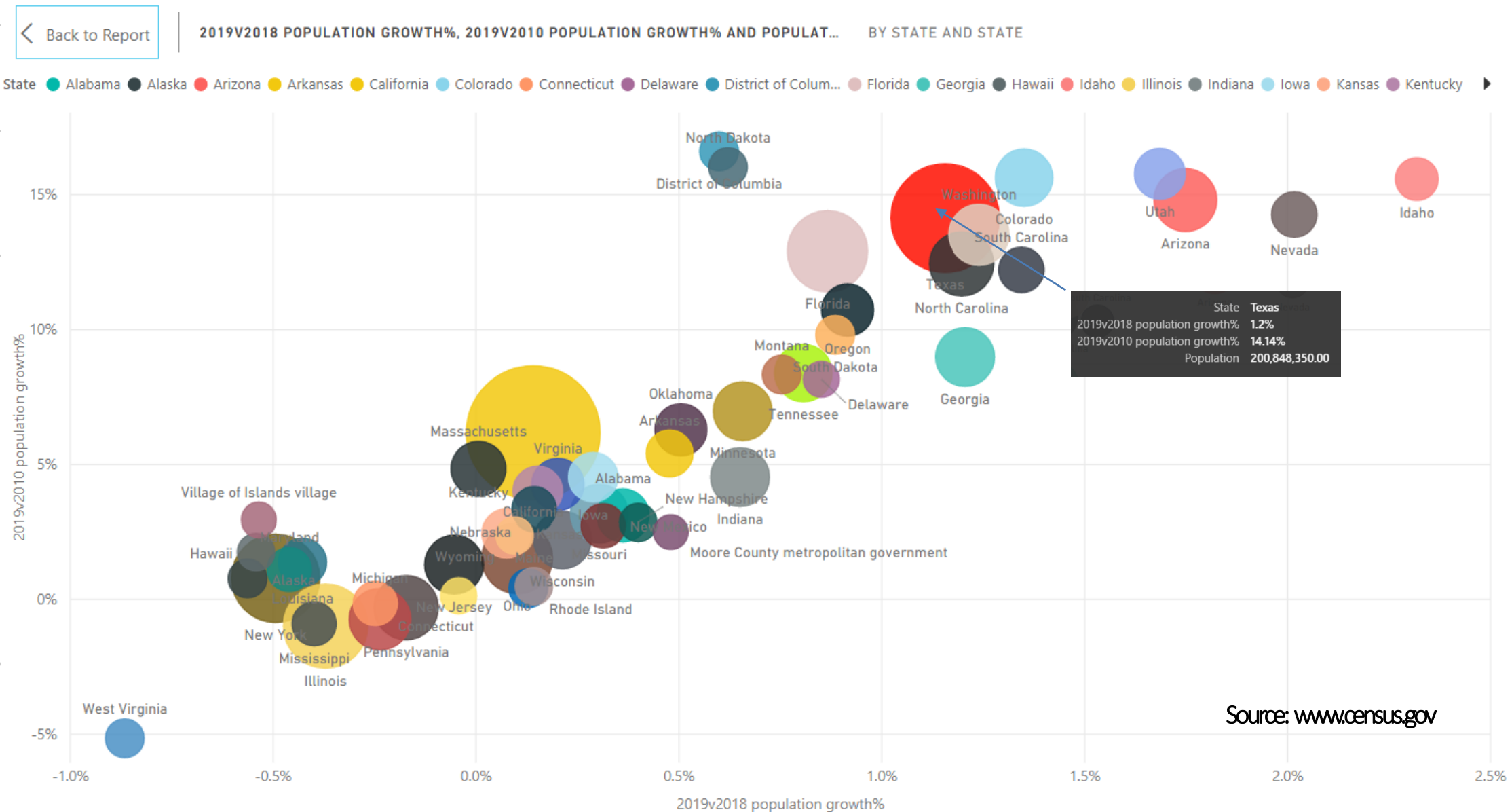
1. YoY growth% in Median home price outpaced the population and median household income growth in the past 10 years, yet house is still relative “affordable”
2. 10% unemployment rate/UI claims during COVID19 Pandemic

### ■ **CONS – Requires larger \$ investment to generate positive cash flow**

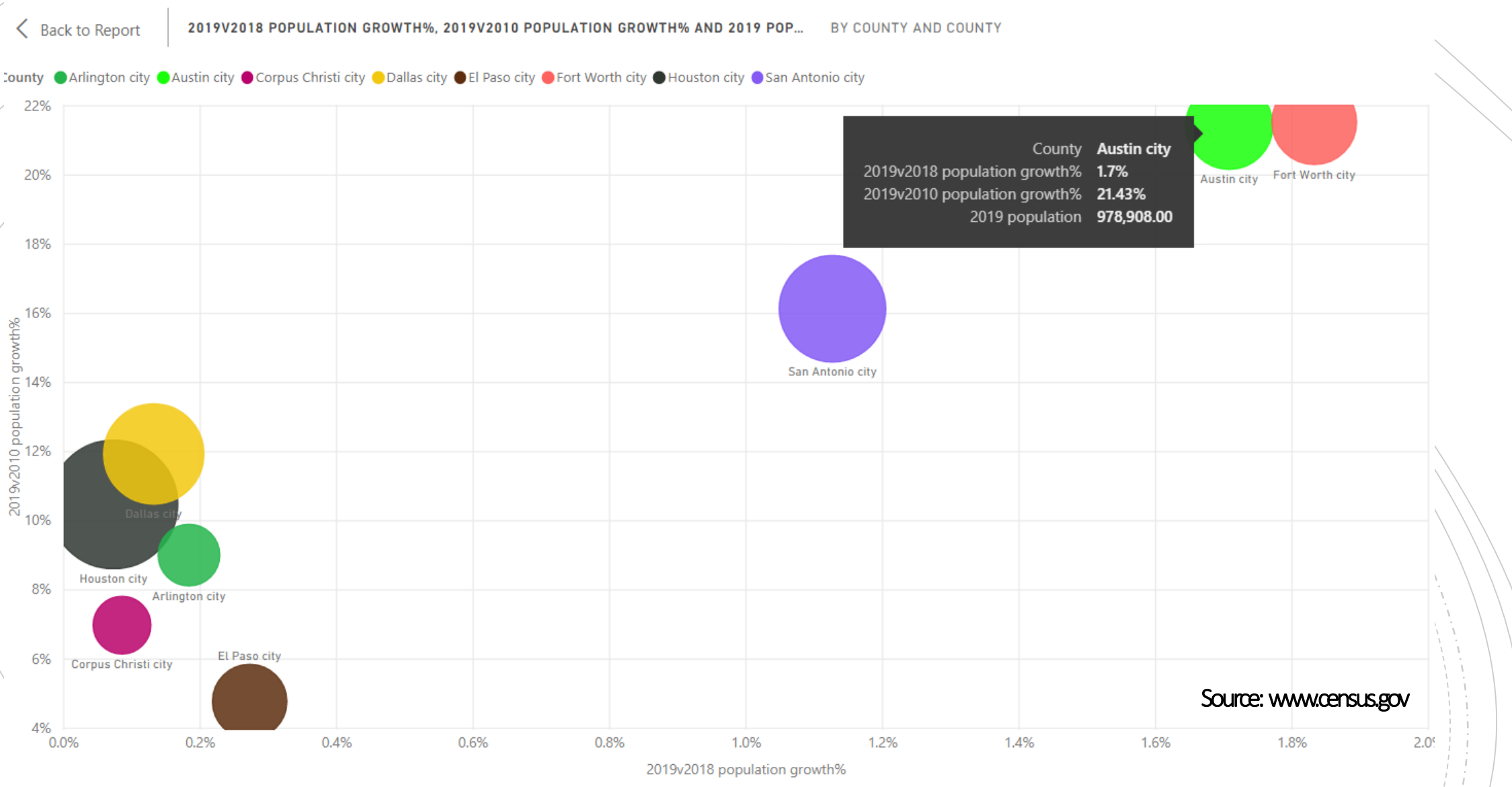
1. Median home value > \$340k which requires larger \$ downpay, income barely cover the cost (may need to pay 80%+ downpay to generate positive cash flow)
2. Very strong and active market, maybe difficult to secure a deal for remote investors
3. Over 1% property tax (1.35%)

## Detailed Market Analysis

# Pro #1 Texas is among the top 10 states with fastest population growth in US



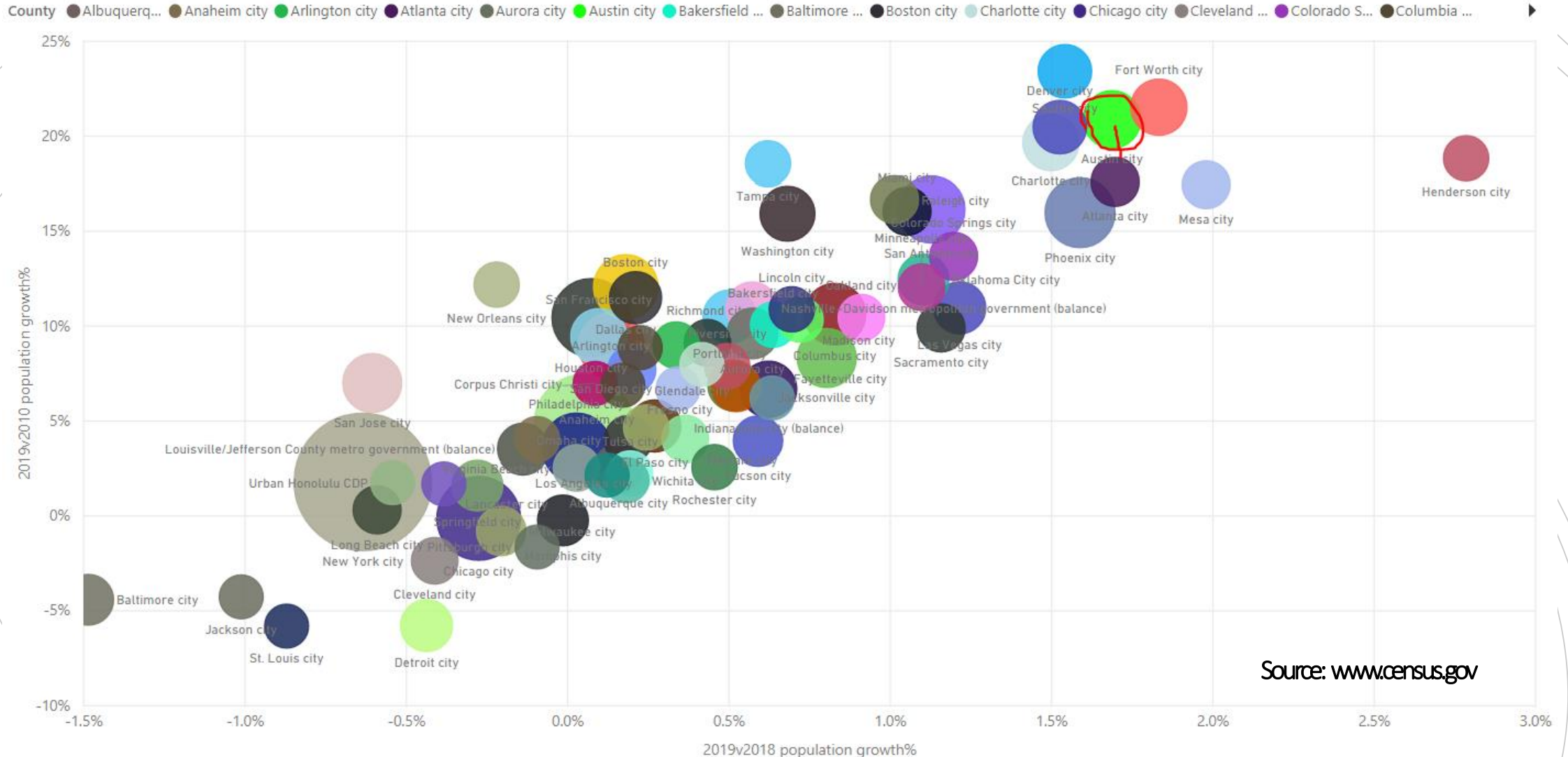
# Pro #1 Within Texas, Austin is one of the two cities with fastest population growth



# Pro #1 Austin is also among the top 5 cities with fastest population growth in US

< Back to Report

2019V2018 POPULATION GROWTH%, 2019V2010 POPULATION GROWTH% AND 2019 POP... BY COUNTY AND COUNTY





## Pro #2 Austin – known as “Silicon Hills”, attracting well-paid millennials



## The 'Tesla Effect' hits Texas as Giga Austin starts transforming Travis County



By Simon Alvarez

Posted on August 10, 2020

For decades, the Del Valle area, an underdeveloped section of southeastern Travis County, saw minimal commercial investment. The area was poised for growth, but the arrival of companies that would provide work for the area's residents was very deliberate. That is, at least, until Tesla announced that it will be building its Gigafactory Texas facility in the area.

Tesla is investing at least \$1 billion in its new factory, and it intends to employ 5,000 workers in manufacturing jobs. It did not take long before the expansive 2,000-acre lot — which Elon Musk has stated will be developed into an “ecological paradise” — turned into a sign of growth and progress for Del Valle. With work at the site now “moving at the speed of Elon” as per a developer, Giga Texas could very well become the trigger for change in the oft-neglected section of Travis County.

In a statement to the [Austin American-Statesman](#), Travis County Commissioner Jeff Travillion noted that the Del Valle area has been ready for a transformation for some time now. Del Valle's residents are nearly twice as likely to be African-American compared to Travis County as a whole, and its concentration of Latino families is also above average for the US. This unfortunately meant that household incomes in the area lag in comparison to other areas of the county.

Pro #3 Moderate to lower occupancy rate (~45%)

Con#1 Median home value > \$300k which requires larger \$ investment, rent barely cover the cost unless paying 80%+ downpay

able/dallascitytexas,austincitytexas,raleighcitynorthcarolina,phoenixcityarizona/PST045219

All Topics ▼	Q Dallas city, Texas ✕	Q Austin city, Texas ✕	Q Raleigh city, North Carolina ✕	Q Phoenix city, Arizona ✕
<b>i</b> Population estimates, July 1, 2019, (V2019)	1,343,573	978,908	474,069	1,680,992
<b>Housing</b>				
<b>i</b> Housing units, July 1, 2019, (V2019)	X	X	X	X
<b>i</b> Owner-occupied housing unit rate, 2014-2018	41.2%	45.2%	51.5%	53.8%
<b>i</b> Median value of owner-occupied housing units, 2014-2018	\$169,400	\$312,300	\$236,700	\$217,400
<b>i</b> Median selected monthly owner costs -with a mortgage, 2014-2018	\$1,593	\$1,942	\$1,480	\$1,417
<b>i</b> Median selected monthly owner costs -without a mortgage, 2014-2018	\$552	\$766	\$526	\$443
<b>i</b> Median gross rent, 2014-2018	\$987	\$1,225	\$1,074	\$999
<b>i</b> Building permits, 2019	X	X	X	X
<b>Families &amp; Living Arrangements</b>				

Source: www.census.gov



# Pro #4 Texas in general is Landlord friendly

1. Main law that benefits landlords: Texas law favors the property owner if lease conditions are violated

2. Bonus: Texas law allows tenants and landlords to make their own agreements on repairs (not necessarily agreements where the landlord pays)

## **Others**

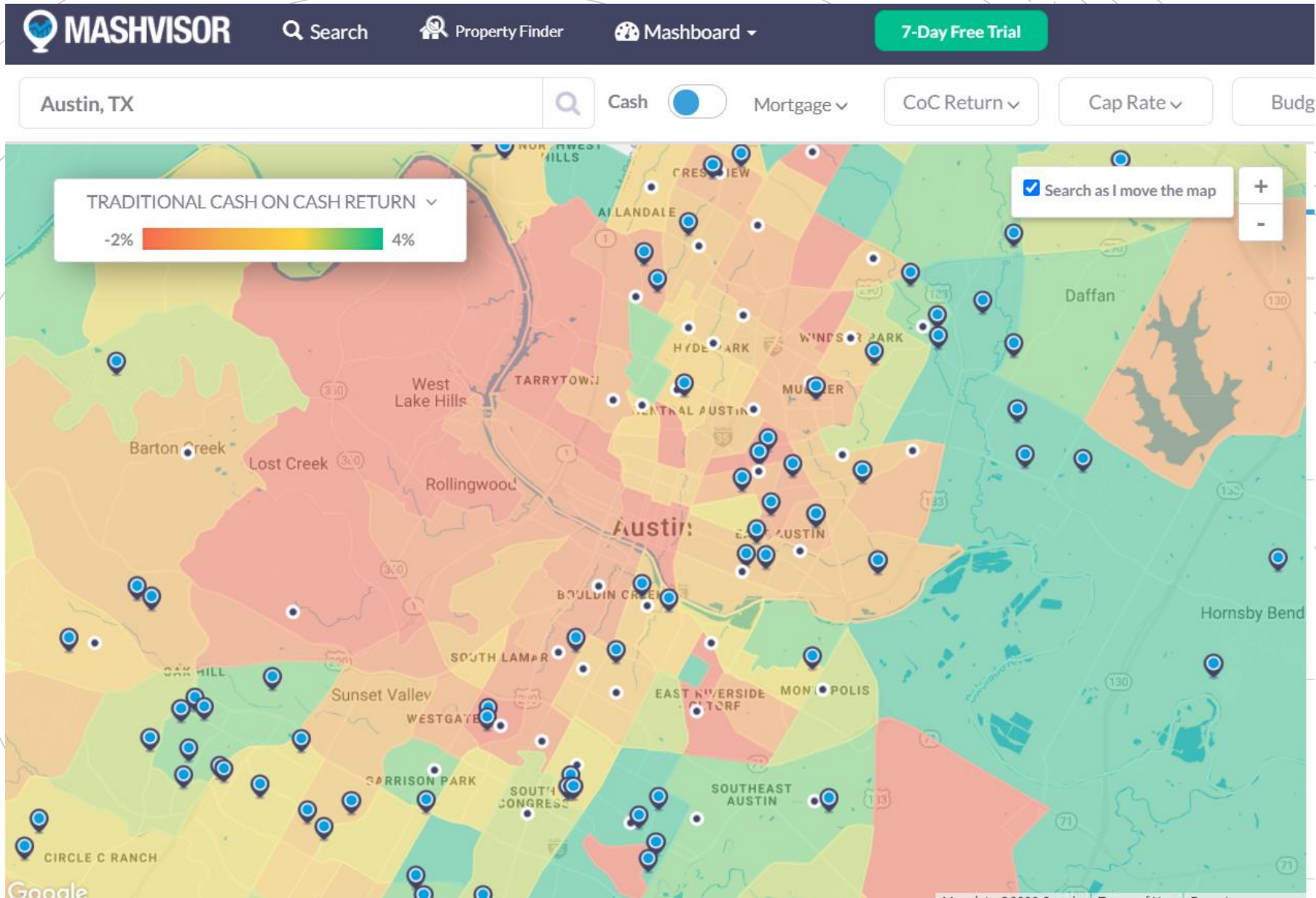
3. NO Rent Control, only need 30 days written notice in advance of increase

The State of Texas has preempted rent control throughout the State, meaning that it is prohibited for rent control laws to be enacted by any authority. According to Texas law, the only time rent control may be employed is when it is approved by the governor during a disaster. Even under these circumstances, though, rent control is not permanent and only lasts as long as the governor allows.

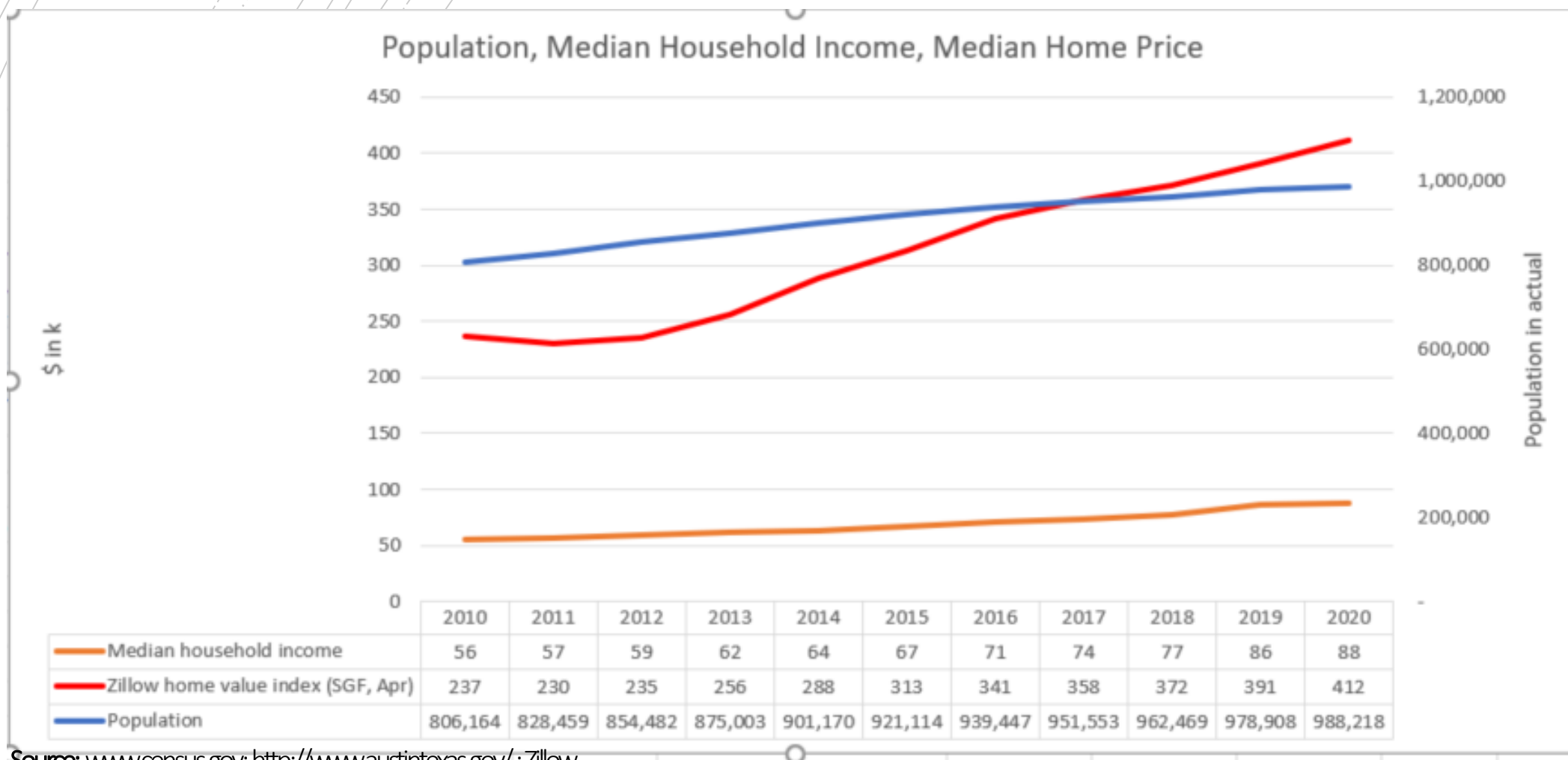
4. Landlords are NOT required to pay tenants interest on security deposits

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# Pro #5 Diverse house portfolio to meet different investor's appetite



Neutral #1 YoY growth% in Median home price (~75% 2010v2020) outpaced the population (~23% 2010v2020) and median household income (~57% 2010v2020) growth in the past 10 years, yet house is still relative “affordable”

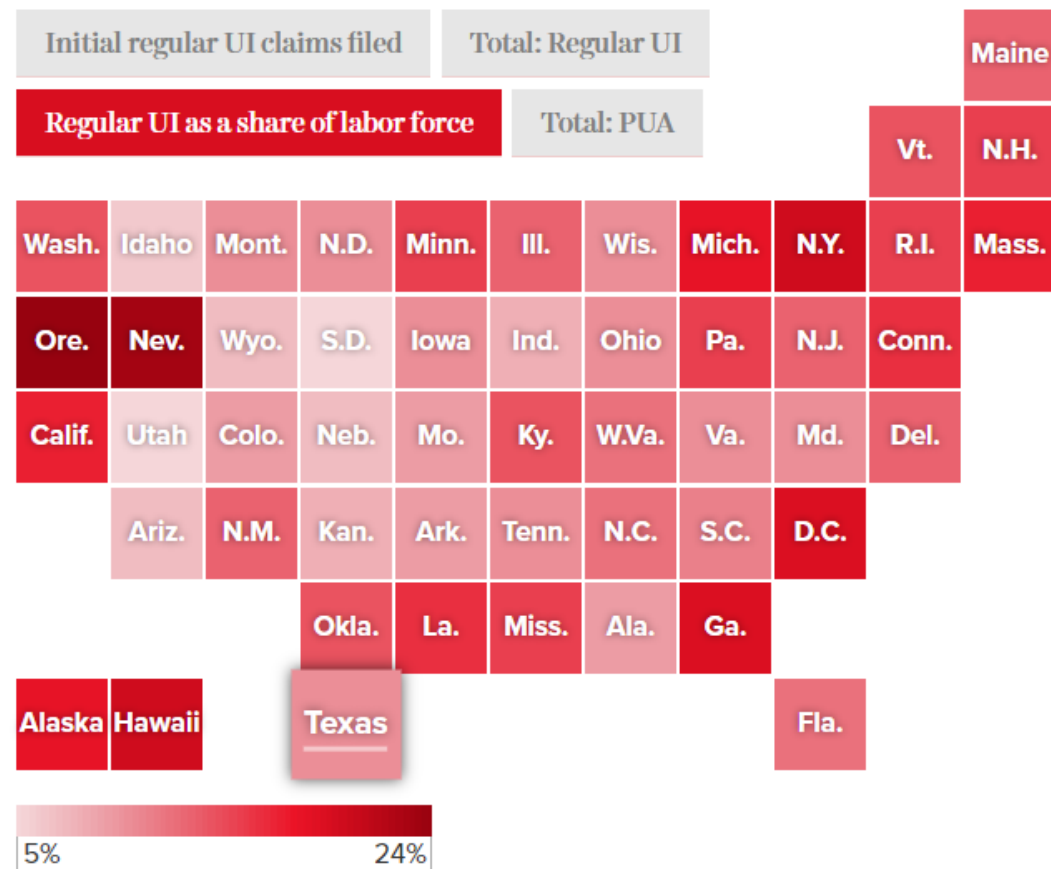


Source: [www.census.gov](http://www.census.gov); <http://www.austintexas.gov/>; Zillow

# Neutral #2 Moderate unemployment rate/UI claims during COVID19 Pandemic (National average 11%-12%)

## New and cumulative jobless claims by state

Unemployment insurance (UI) claims filed and numbers and shares of workers either receiving unemployment benefits or waiting for approval during the week ending June 6



## Texas

Regular UI as a share of labor force: 10%

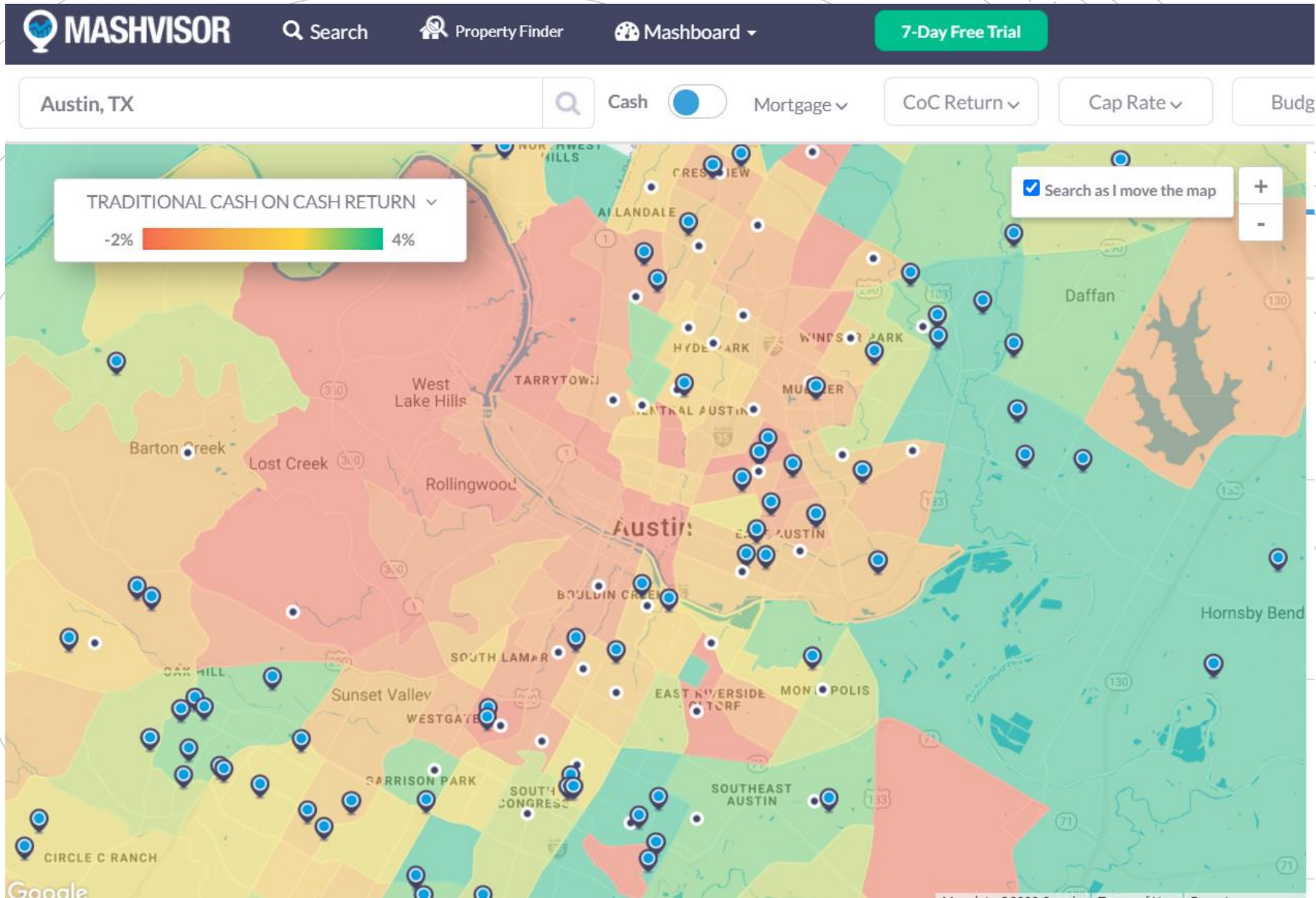
Initial regular UI claims filed in most recent week: 89,736

Total currently receiving or applied for regular UI: 1,437,877

Total currently receiving or applied for PUA: 337,388

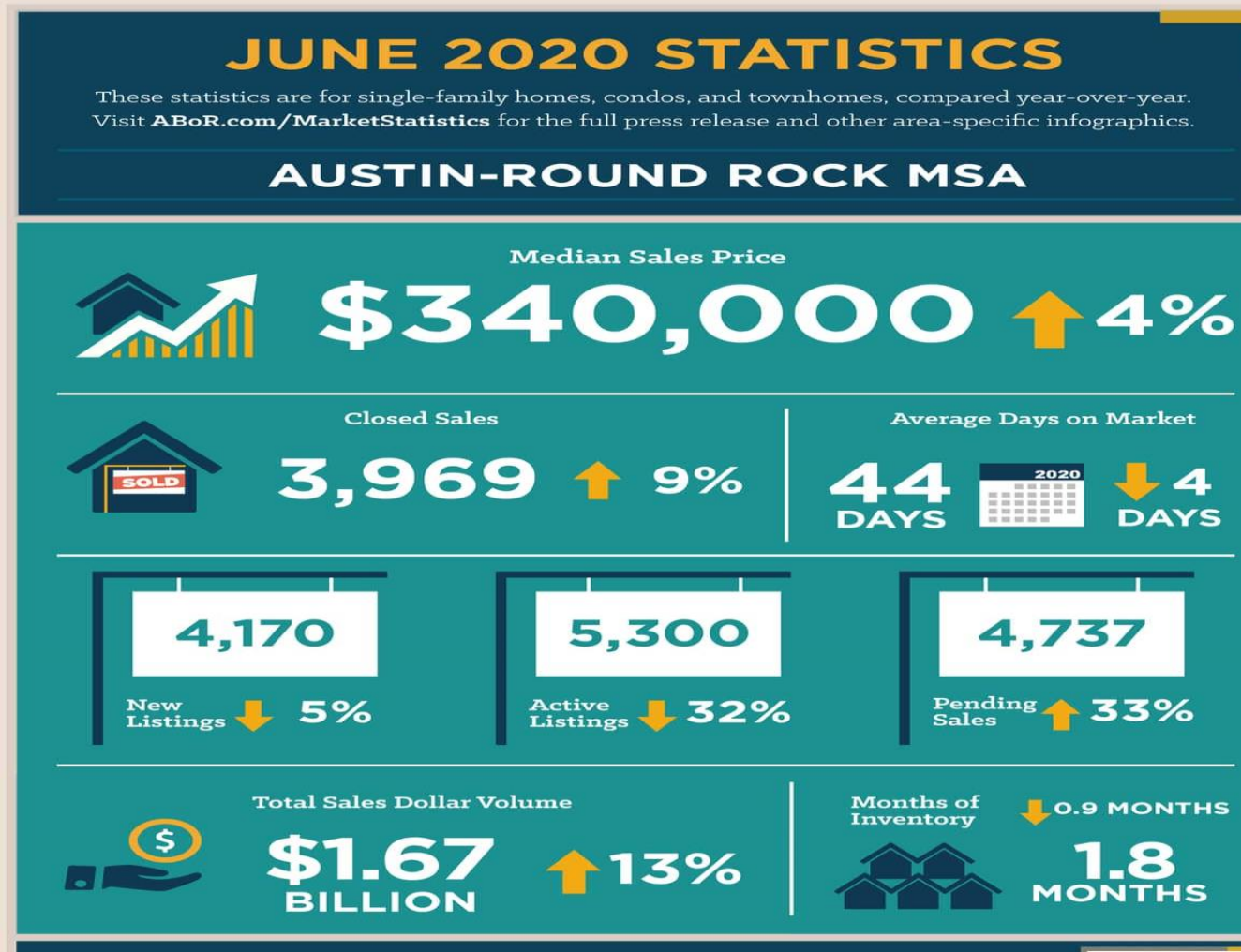


# Pro #6 Diverse house portfolio to meet different investor's appetite





Con#2 Very strong and active market, maybe difficult to secure a deal for remote investors



# Other data/useful tools for comparison

<https://www.census.gov/quickfacts/fact/table/dallascitytexas,austincitytexas,raleighcitynorthcarolina,phoenixcityarizona/PST045219>

All Topics ▼	Q Dallas city, Texas ✕	Q Austin city, Texas ✕	Q Raleigh city, North Carolina ✕	Q Phoenix city, Arizona ✕
Population estimates, July 1, 2019, (V2019)	1,343,573	978,908	474,069	1,680,992
<b>PEOPLE</b>				
<b>Population</b>				
Population estimates, July 1, 2019, (V2019)	1,343,573	978,908	474,069	1,680,992
Population estimates base, April 1, 2010, (V2019)	1,197,658	801,829	404,068	1,446,691
Population, percent change - April 1, 2010 (estimates base) to July 1, 2019, (V2019)	12.2%	22.1%	17.3%	16.2%
Population, Census, April 1, 2010	1,197,816	790,390	403,892	1,445,632
<b>Age and Sex</b>				
Persons under 5 years, percent	△ 7.7%	△ 6.7%	△ 6.1%	△ 7.4%
Persons under 18 years, percent	△ 25.4%	△ 20.8%	△ 21.2%	△ 26.5%
Persons 65 years and over, percent	△ 10.1%	△ 8.7%	△ 10.2%	△ 10.3%
Female persons, percent	△ 50.4%	△ 49.3%	△ 51.6%	△ 50.2%
<b>Race and Hispanic Origin</b>				
White alone, percent	△ 62.5%	△ 73.5%	△ 58.5%	△ 72.3%
Black or African American alone, percent (a)	△ 24.3%	△ 7.8%	△ 29.0%	△ 6.9%
American Indian and Alaska Native alone, percent (a)	△ 0.3%	△ 0.6%	△ 0.4%	△ 2.1%
Asian alone, percent (a)	△ 3.4%	△ 7.3%	△ 4.5%	△ 3.7%
Native Hawaiian and Other Pacific Islander alone, percent (a)	△ 0.0%	△ 0.0%	△ 0.1%	△ 0.2%
Two or More Races, percent	△ 2.5%	△ 3.3%	△ 3.0%	△ 3.8%
Hispanic or Latino, percent (b)	△ 41.7%	△ 34.3%	△ 11.0%	△ 42.6%
White alone, not Hispanic or Latino, percent	△ 29.0%	△ 48.3%	△ 53.3%	△ 43.0%
<b>Population Characteristics</b>				
Veterans, 2014-2018	42,944	36,096	20,243	73,052
Foreign born persons, percent, 2014-2018	24.6%	18.5%	13.1%	19.5%

All Topics ▼	Q Dallas city, Texas ✕	Q Austin city, Texas ✕	Q Raleigh city, North Carolina ✕	Q Phoenix city, Arizona ✕
<b>i</b> Population estimates, July 1, 2019, (V2019)	1,343,573	978,908	474,069	1,680,992
<b>Economy</b>				
<b>i</b> In civilian labor force, total, percent of population age 16 years+, 2014-2018	68.3%	73.3%	70.6%	66.7%
<b>i</b> In civilian labor force, female, percent of population age 16 years+, 2014-2018	61.0%	66.6%	66.4%	60.5%
<b>i</b> Total accommodation and food services sales, 2012 (\$1,000) (c)	3,851,458	3,474,670	1,237,121	3,479,625
<b>i</b> Total health care and social assistance receipts/revenue, 2012 (\$1,000) (c)	15,083,135	6,609,254	3,698,100	10,967,040
<b>i</b> Total manufacturers shipments, 2012 (\$1,000) (c)	17,731,342	11,413,406	1,842,032	12,978,949
<b>i</b> Total merchant wholesaler sales, 2012 (\$1,000) (c)	22,578,009	55,701,978	5,399,766	31,193,680
<b>i</b> Total retail sales, 2012 (\$1,000) (c)	16,889,012	14,738,182	7,268,468	18,448,380
<b>i</b> Total retail sales per capita, 2012 (c)	\$13,607	\$17,491	\$17,176	\$12,392
<b>Transportation</b>				
<b>i</b> Mean travel time to work (minutes), workers age 16 years+, 2014-2018	27.0	24.3	23.7	25.7
<b>Income &amp; Poverty</b>				
<b>i</b> Median household income (in 2018 dollars), 2014-2018	\$50,100	\$67,462	\$63,891	\$54,765
<b>i</b> Per capita income in past 12 months (in 2018 dollars), 2014-2018	\$32,804	\$40,391	\$36,875	\$27,870
<b>i</b> Persons in poverty, percent	⚠ 20.5%	⚠ 14.5%	⚠ 13.7%	⚠ 19.4%
<b>BUSINESSES</b>				
<b>Businesses</b>				
<b>i</b> Total employer establishments, 2018	X	X	X	X
<b>i</b> Total employment, 2018	X	X	X	X
<b>i</b> Total annual payroll, 2018 (\$1,000)	X	X	X	X
<b>i</b> Total employment, percent change, 2017-2018	X	X	X	X
<b>i</b> Total nonemployer establishments, 2018	X	X	X	X
<b>i</b> All firms, 2012	142,658	96,048	43,895	124,033
<b>i</b> Men-owned firms, 2012	76,671	51,518	23,259	63,479
<b>i</b> Women-owned firms, 2012	52,798	34,253	15,599	44,294
<b>i</b> Minority-owned firms, 2012	65,749	28,888	13,214	39,596
<b>i</b> Nonminority-owned firms, 2012	71,545	62,905	28,507	78,757



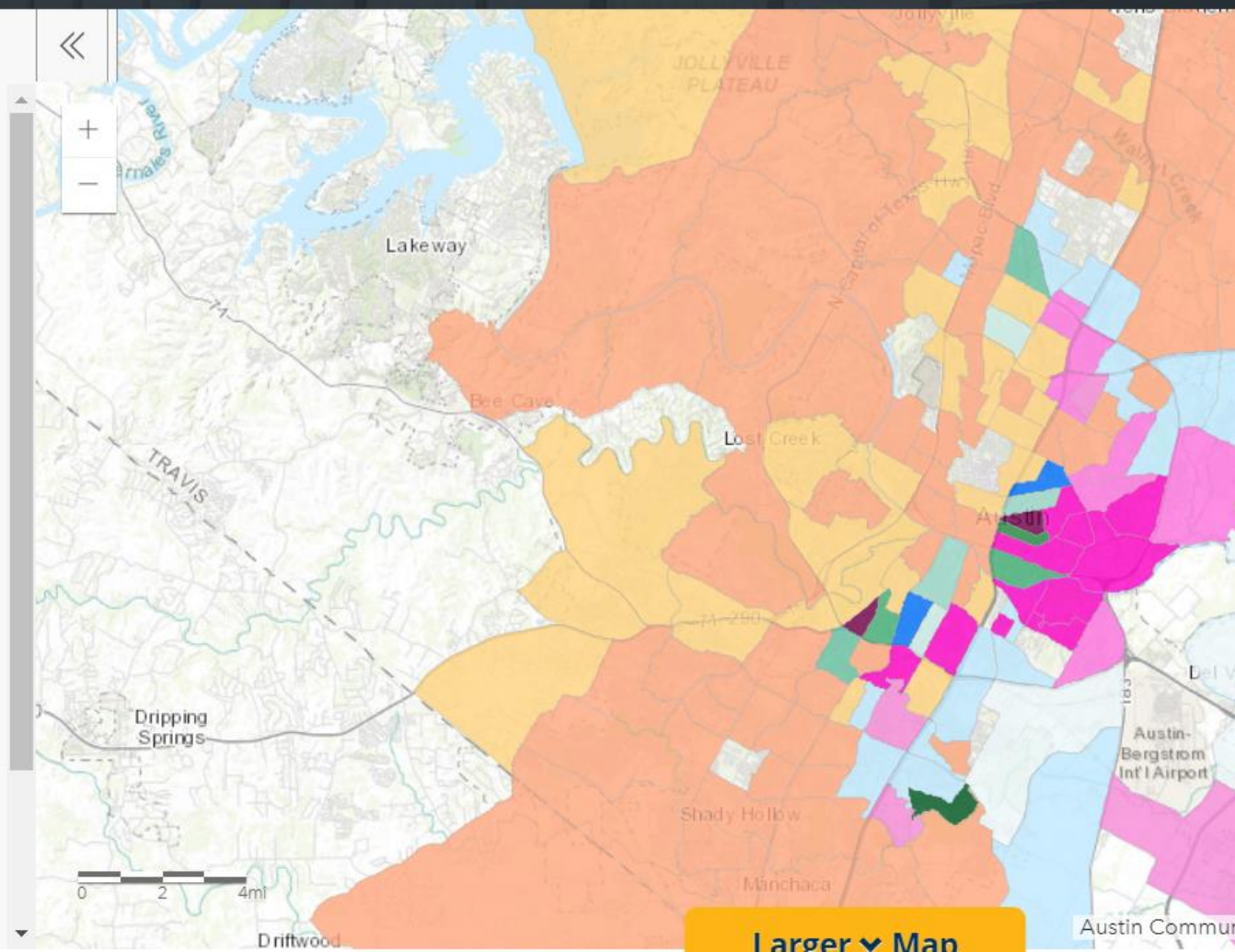


# Urban Displacement Austin Map

## Legend

### Gentrification & Exclusion Typologies

- Gentrification: None | Exclusion: Ongoing
- Gentrification: None | Exclusion: Stable
- Gentrification: Susceptible | Exclusion: None
- Gentrification: Early: Type 1 | Exclusion: None
- Gentrification: Dynamic | Exclusion: None
- Gentrification: Early: Type 1 | Exclusion: Ongoing
- Gentrification: Late | Exclusion: None
- Gentrification: Continued Loss | Exclusion: None
- Gentrification: Susceptible | Exclusion: Ongoing
- Gentrification: Continued Loss | Exclusion: Ongoing\*
- Gentrification: Continued Loss | Exclusion: Stable
- Gentrification: Early: Type 1 | Exclusion: Stable
- Gentrification: Late | Exclusion: Stable



Larger Map

## Austin Gentrification and Displacement

About the Study

Vulnerability

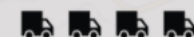
Demographic Change

[Download PDF of neighborhood drilldowns.](#)

More specific information on gentrification and displacement was analyzed for two Austin neighborhoods: Montopolis and St. Johns-Coronado Hills. Below are snapshots of the data collected and a deeper dive into these neighborhoods compared to Austin overall:

## AUSTIN

a snapshot of gentrification and displacement



Of 200 Austin neighborhoods...

**Susceptible** Near high value/high appreciation areas. Not yet experiencing demographic change.

**Early Type 1** Experiencing appreciation, still with low/moderate home values.

**Dynamic** Exhibit demographic change indicative of gentrification.

**Late** Newly high value areas, still with vulnerable populations

**Continued Loss** High value areas that have experienced demographic change



Who is most vulnerable to displacement?



Communities of Color



People 25 and older without a Bachelor's Degree



Renters



People making at or below 80% Median Family Income