

MARKET SNAPSHOT: AUSTIN / SAN ANTONIO

AUGUST 2022



THE PLASENCIA GROUP
Passion. Access. Certainty.

OVERVIEW

Photo: mitchell-kmetz on Unsplash

The City of Austin has put Central Texas on the global and national map as a major hub for technology and culture. This emergence started well before COVID, but the pandemic has certainly accelerated both commercial and demographic growth, not only in Austin, but even more so in other parts of Central Texas that offer lower barriers to entry for new companies and residents. This trend is especially apparent when analyzing hotel performance metrics for the State of Texas.

Among Texas' five largest hotel markets (Dallas, Fort Worth, Austin, San Antonio, Houston), suburban submarkets in Central Texas surrounding Austin and San Antonio have assertively outperformed other parts of the state since the start of the pandemic. The table below shows that seven of the top nine submarkets of the state's major cities are in Central Texas.

Texas Hotel Submarkets that are Beating Pre-Pandemic RevPAR Results

Rank	Market	Submarket	June '22 T-12 RevPAR	Feb '20 T-12 RevPAR	Index: Current vs Pre-COVID
1	Austin	Round Rock/Georgetown	\$92.56	\$63.88	145%
2	Austin	San Marcos/Surrounding	\$69.85	\$55.69	125%
3	Fort Worth/Arlington	Fort Worth South/West	\$53.01	\$43.67	121%
4	San Antonio	San Antonio Northeast	\$69.16	\$58.75	118%
5	San Antonio	San Antonio South	\$54.52	\$46.87	116%
6	Dallas	Dallas South/East	\$57.42	\$49.43	116%
7	Austin	Austin US-290/I-35 Area	\$73.43	\$67.07	109%
8	San Antonio	San Antonio Northwest/Sea World	\$73.47	\$68.07	108%
9	Austin	South Austin/Airport	\$99.82	\$93.16	107%
10	Dallas	Denton/Lewisville/McKinney	\$61.44	\$58.42	105%
11	Fort Worth/Arlington	Arlington	\$69.54	\$66.76	104%
12	Houston	Houston Southwest Freeway	\$47.30	\$46.13	103%
13	San Antonio	San Antonio Airport	\$63.63	\$62.28	102%
14	Fort Worth/Arlington	Fort Worth CBD/I-820 West	\$86.47	\$84.95	102%
15	Fort Worth/Arlington	Fort Worth North	\$54.69	\$53.95	101%

Source: STR, CoStar



AUSTIN



Photo: carlos-alfonso on Unsplash

The Round Rock/Georgetown submarket, encompassing many of Austin's northern suburbs, posted remarkable growth throughout the pandemic, with its June 2022 T-12 RevPAR coming in 45% higher than the same period before COVID. Not surprisingly, Round Rock is among the fastest growing cities in the country. The submarket abuts areas that have seen highly publicized corporate developments. These projects include Apple's massive, new \$1 billion North Austin campus, which is now under construction, as well as a new 3.8-million-square-foot Amazon facility in Pflugerville. Pflugerville is also home to The Boring Company, an infrastructure company founded by Elon Musk.

The San Marcos/Surrounding submarket, which includes most of Austin's southern suburbs, has also recorded impressive RevPAR growth since the start of the pandemic, with RevPAR up 25%. This area borders another of Musk's ventures, including the enormous Tesla Giga Texas facility in southeast Austin, and it includes several sites ripe for further development by Musk's SpaceX.

Austin proper has seen several notable corporate relocations (Google, Facebook, and Oracle, to name a few), that will have a positive long-term effect on Central Business District RevPAR. These relocations have driven, and will continue to drive, many highly-paid transplants to live in the suburbs, and hotel demand is sure to come along with them.





SAN ANTONIO

Photo: fl1photo on Shutterstock

The Austin-San Antonio corridor, which runs approximately 80 miles between the two cities, is one of the fastest-growing regions in the United States. The stretch is currently home to 4.5 million people and is expected to grow to 6 to 7 million by the end of this decade! San Antonio, long a solid hotel market in its own right, is unquestionably benefiting from compression generated by its northern neighbor. Not surprisingly, the city's Northeast sector, which is closest to Austin, is its best performing submarket, with RevPAR up 18% compared to pre-COVID times. Some are calling for the informal formation of an Austin-San Antonio "Metropolitan," similar to Dallas-Fort Worth, which points to a coming rise in prominence for submarkets across San Antonio.



OUTLOOK



Photo: zayn-shah on Shutterstock

**As new offices
and corporate
campuses are built,
more people move
in, infrastructure
catches up,
and the region
continues to grow.**

It is a simple concept, but where corporate expansion and population growth abound, hotel demand has traditionally followed quickly. Sure enough, corporate expansion and population growth are abounding in Central Texas, and the region's hotels, especially in suburban submarkets, are experiencing commensurate growth. And as new offices and corporate campuses are built, more people move in, infrastructure catches up, and the region continues to grow, we expect hotel demand, along with new supply, to quickly follow suit.



THE PLASENCIA GROUP

Our investment sales team has completed well over 100 successful transactions and financings in Texas. It would be our pleasure to assist you in the evaluation, acquisition, sale, or financing of your properties in the Texas area and across the country.

In addition to investment advisory work, our firm also offers active asset management and renovation management divisions. Please let us know if our array of services may be of interest to you.

YOUR TEXAS TEAM

Get in touch with one of our Texas lodging investment professionals to discuss your hotel and resort ownership needs.

tpghotels.com/texas



ROBERT WIEMER
Senior Managing Director

Houston, Texas
rwiemer@tpghotels.com
(281) 379-2613



JOHN PLASENCIA
Managing Director

Dallas, Texas
jplascencia@tpghotels.com
(214) 865-6986



MICHELLE HAYES
Senior Vice President
Asset Management

Dallas, Texas
mhayes@tpghotels.com
(214) 673-0157





THE PLASENCIA GROUP
Passion. Access. Certainty.

BOSTON CLEVELAND D.C. DALLAS HOUSTON MIAMI TAMPA

© Copyright 2022, The Plasencia Group, Inc.

This report is intended for informational purposes only. Under no circumstances should its content be construed or used as legal, financial, business, or investment advice. The reader should be aware that estimates or opinions contained herein are not offered as assurances of future achievements or events. It is the responsibility of the reader to formulate their own opinions and estimates.