

STATE OF DOWNTOWN UPDATE

OCTOBER 2020

**DOWN
AUSTIN TOWN
ALLIANCE**



Photo: Carlos Alfonso

COVID-19 Crisis Management Framework

Element	Focus	Geography	Timeframe
Response	Immediate Business Response	Downtown PID	Immediate: Gather data Organize info Communicate Advocate
Recovery	Agenda for Economic Recovery	Downtown PID	Complete by Spring 2021 12-18-month lifespan
Resiliency	Plan for Regional Resiliency	Austin Metro Region	Ongoing up to 3 years

[Downtownaustin.com/covid-19](https://downtownaustin.com/covid-19)



Safety Measures: COVID-19 Updates & Resources

Below you'll find information and resources to help keep you informed



COVID-19: Economic Impact and Recovery

We're monitoring and measuring the impact so we can plan for recovery



Clean & Safe

- Downtown Ambassadors:
 - Performed enhanced cleaning to reduce infection spread
 - Staffed handwashing stations
 - Distributed water during summer
 - Assisted with welfare checks
 - Protest preparation and clean-up, graffiti and debris removal
- Working with law enforcement and homelessness outreach teams on public safety issues

Activation

- Republic Square:
 - Partnered to produce PARKSPACE, a social distance art installation,
 - Conducted Cinco de Mayo and Austin's Birthday Bash online
 - Supported Salt & Time Café Opening
 - Hosting Fall Fitness Series of Classes
- Partnered with Blue Starlite Mini Urban Drive-In Theater to produce parking garage roof-top drive-in movies
- Preparing for Holiday Market and Shop-the-Block

Research

- Conducted Downtown Austin Retail and Small Business Survey
- Created Economic Recovery Index: economic indicators to track recovery
- Conducted downtown office market survey
- Hosted conversations with guest researchers from other downtowns and city centers
- Tracking a series of measures including first floor retail operating status, mobility trends, public safety, and downtown development

Outreach and Communications

- Created a frequently updated COVID-19 section on website
- Restructured annual Future of Downtown event to a video format which aired on KXAN and KVUE
- Conducted a 6-week “Come Back Downtown” marketing campaign with giveaways supporting downtown small businesses
- Promoted "City of Us" wear a mask campaign

Advocacy

- Federal Save our Stages Act's support for live music venues
- Advancement of the Music Venue Preservation Fund
- Downtown public health and safety concerns
- Near-term Recommendations and Priorities for City's COVID-19 Spending Framework for CARES Act, FEMA and city funding sources
- Safe opening best practices, expanding businesses outdoors (Shop the Block Program)

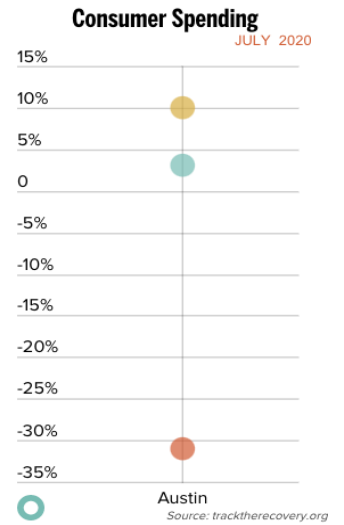
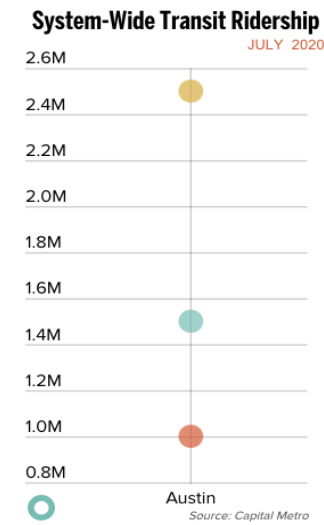
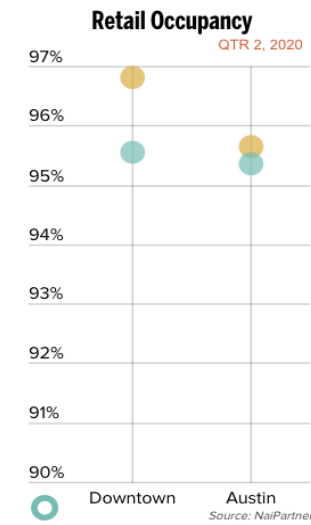
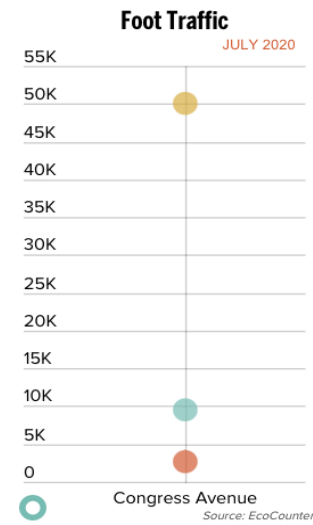
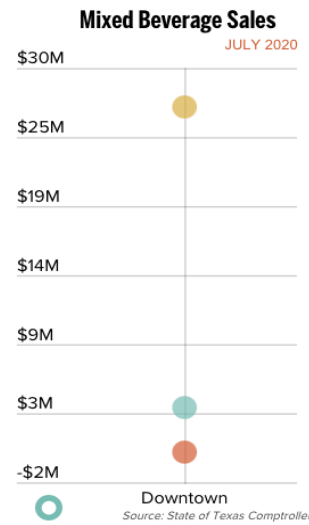
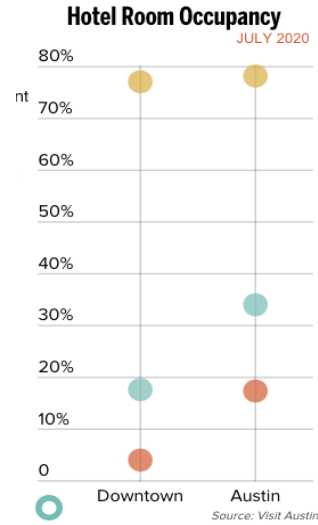
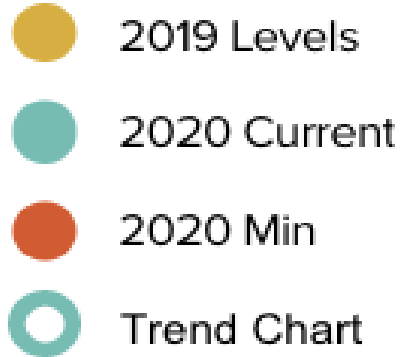
Participating in Local Efforts

- Opening Central Texas Task Force led by Mayor Adler and Judge Eckhardt
- City Economic Department's Recovery Efforts: Cross-Sector Focus Group
- AARO's Regional Resilience Effort
- Collaborating with other non-profits

Unique Challenges for Downtowns and Urban Centers

- Downtown is a major **tourism destination**. Its businesses rely much more heavily on tourism than businesses in other parts of the city.
- Downtown is the **region's largest employment center**. Its businesses are also very reliant on the employees that spend their weekdays in downtown.
- **Until employees return and tourism increases, businesses downtown will continue to struggle...unless, of course, we can draw from locals in the Austin area.**
- Critical efforts to help retailers and storefronts survive: 1) market the businesses that are open and help them generate revenue and 2) determine more resilient retail mixes downtown and increased opportunities for locals to engage in downtown,....more days of the week and more hours of the day.

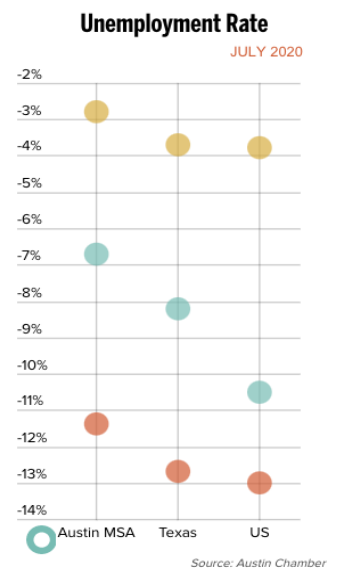
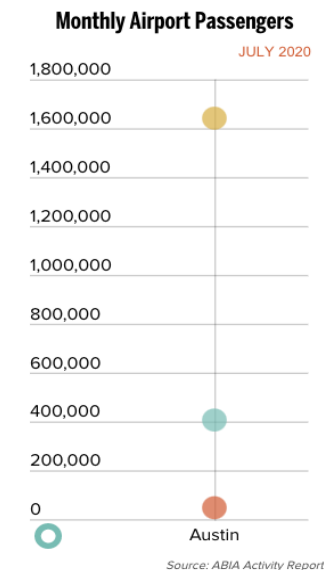
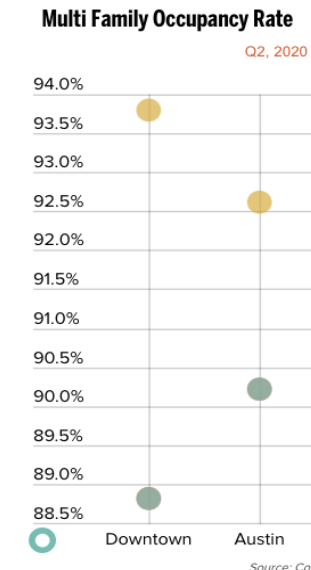
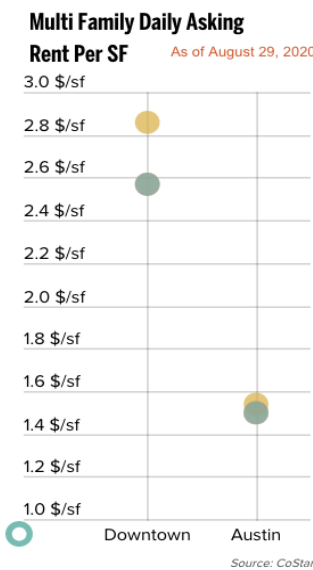
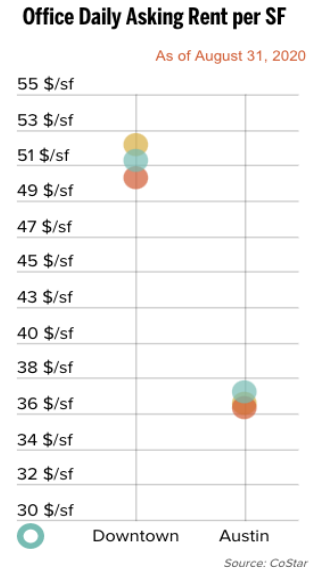
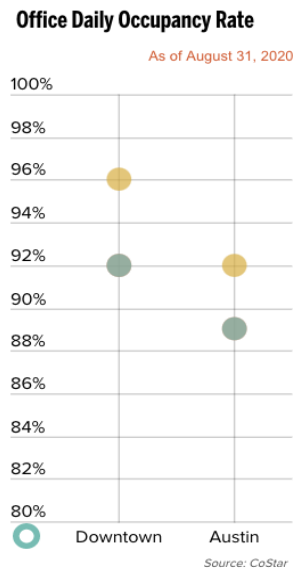
Economic Recovery Index



This index represents the difference between Pre-Covid economic levels, the lowest point in 2020, and current levels across a number of indicators.

The data represented was derived from a number of data sources.

These indicators will be monitored on a regular basis to track the economic recovery of downtown Austin.



COVID-19 IMPACT on DOWNTOWN AUSTIN

OVERVIEW

RETAIL, HOTEL, TOURISM

Downtown's small and retail businesses have been hit extremely hard. With decreased foot traffic and diminished travel, tourism numbers have slowed, greatly impacting restaurants, music, and event venues.

OFFICE MARKET, WORKFORCE

Downtown includes a large share of public administration and tech jobs, in which were considered "non-essential" at the on-set of the pandemic. Most of downtown's workforce was mandated to work from home in March. A few employees have returned but not substantially.

MOBILITY, TRAVEL

Transit ridership, personal vehicle travel, and micro-mobility trips sharply declined in March but have increased in the last few months.

RESIDENTIAL MARKET

An increasing amount of multi-family space is available in downtown. Conversely, single family home sales continue to rise in the Austin area.

REAL ESTATE DEVELOPMENT

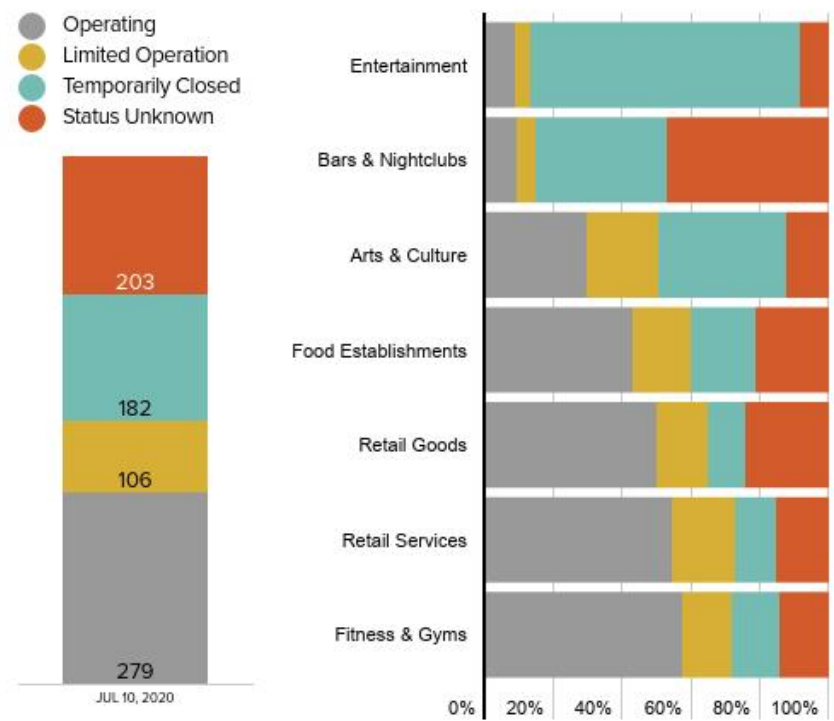
Downtown development continues to thrive during this pandemic. Our records indicate only one project has been cancelled. Many projects have emerged or resurfaced. While there are fewer projects being proposed, a record number of projects have broken ground adding additional supply to the downtown core.

COVID-19 IMPACT on DOWNTOWN AUSTIN

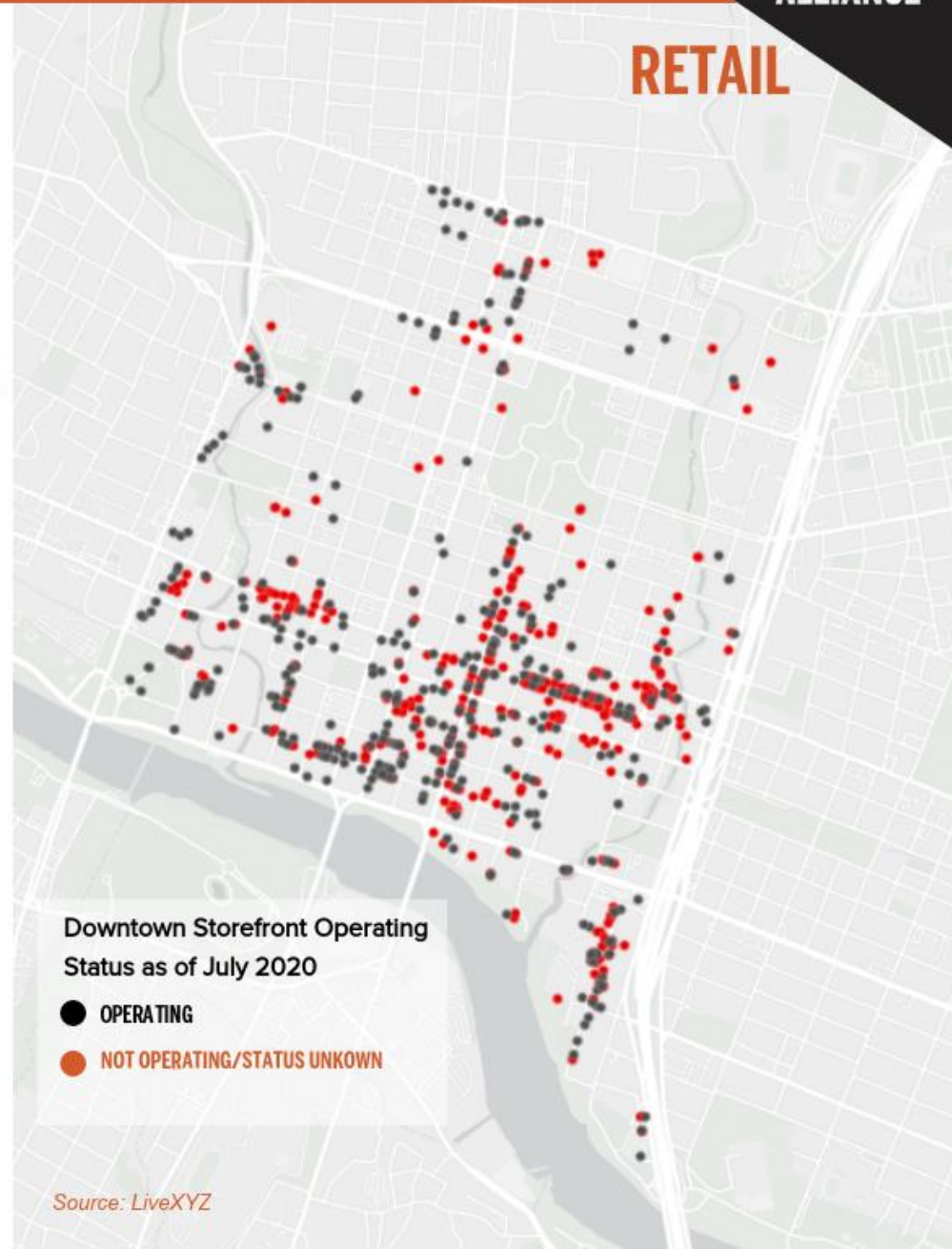
Most recent comprehensive storefront data indicates that 50% of downtown's storefront businesses are operating in some capacity.

The hardest hit businesses are bars, nightclubs, and entertainment venues.

Congress Avenue Foot Traffic is down by 80%



RETAIL



Downtown Storefront Operating Status as of July 2020
 ● OPERATING
 ● NOT OPERATING/STATUS UNKNOWN

Source: LiveXYZ

COVID-19 IMPACT on DOWNTOWN AUSTIN

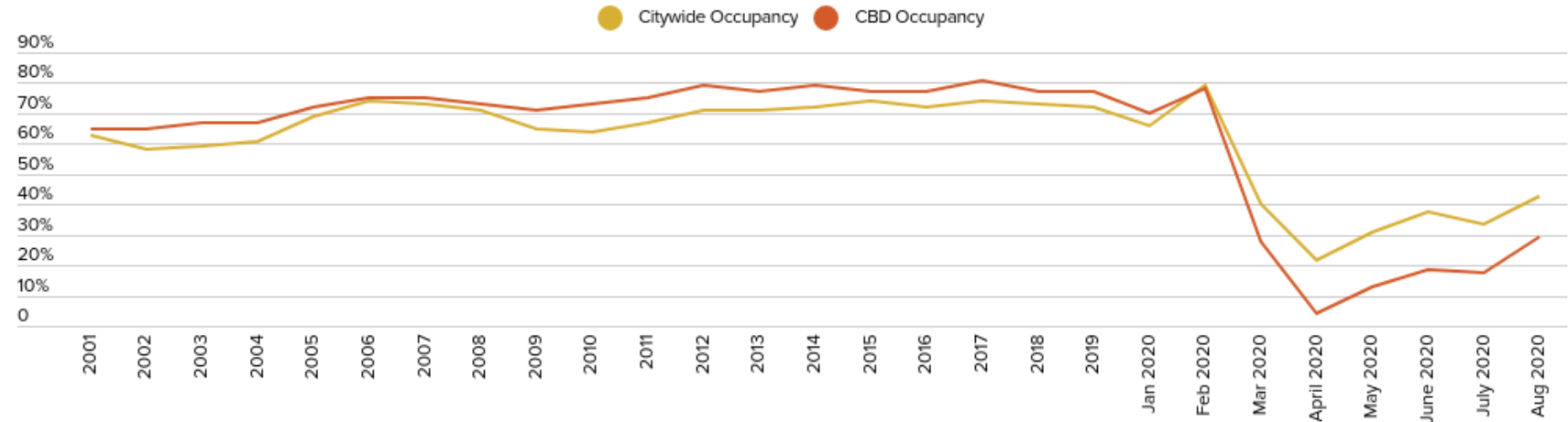
HOTEL MARKET & TOURISM

All convention business travel has been cancelled for the rest of the year.

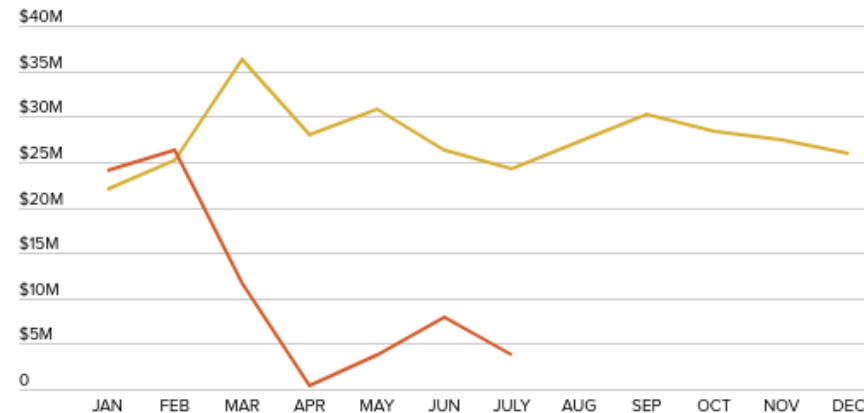
Hotel room occupancy dipped to its lowest point in April but has since improved.

Air Travel has increased some but remain well below 2019 levels.

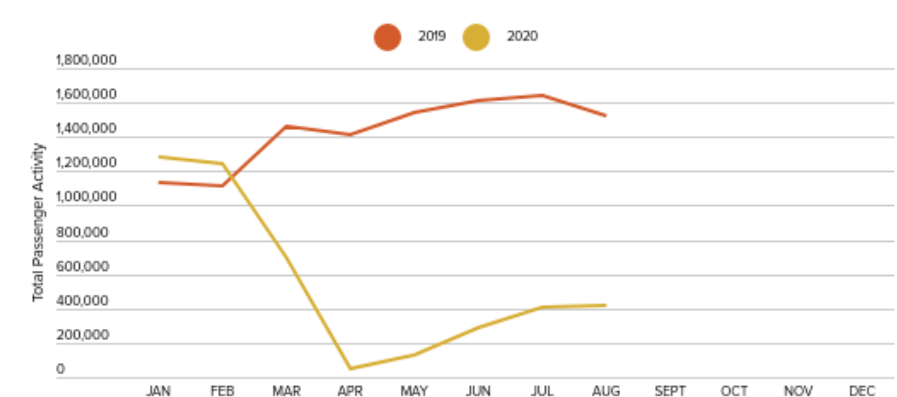
Hotel Occupancy is down by -62% but up 12% since April



Mixed Beverage Sales are down by -85%



Air Passenger Travel is down by -70%



COVID-19 IMPACT on DOWNTOWN AUSTIN

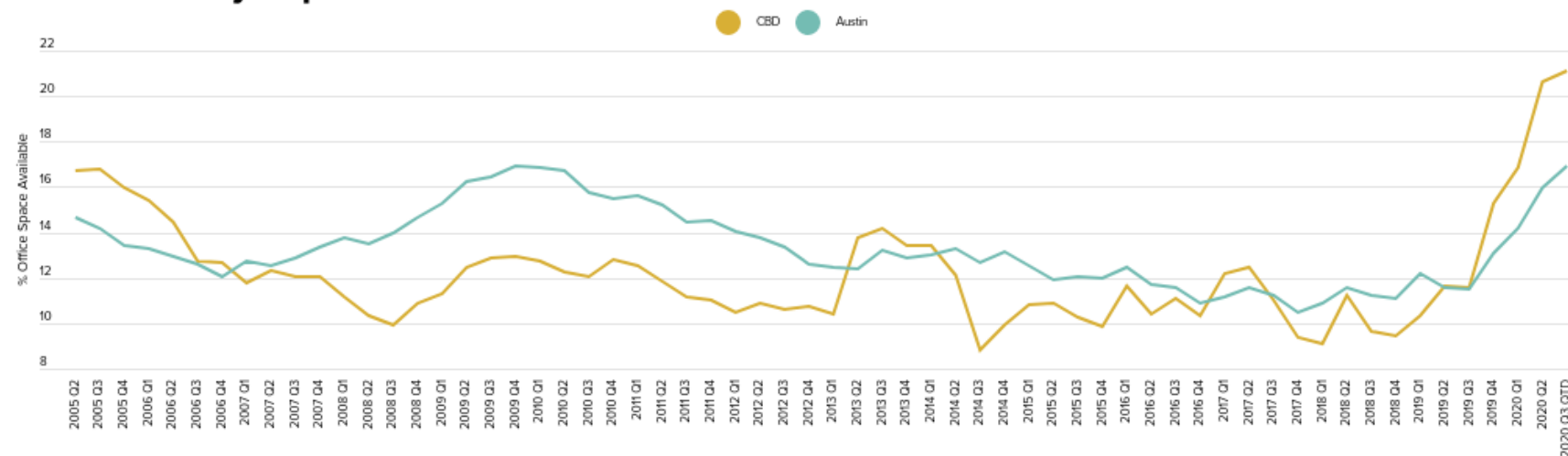
OFFICE MARKET & WORKFORCE

Office tenants are continuing to pay rent although most employees are working from home.

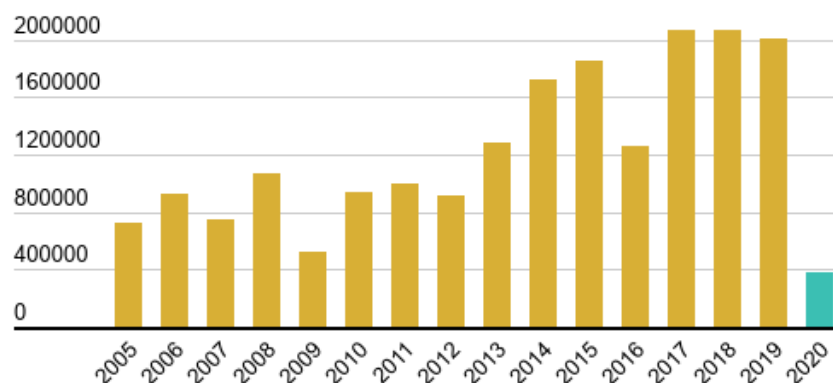
There is a growing amount of available office space.

Roughly 60% of downtown occupations are remote compatible making workforce return difficult to predict.

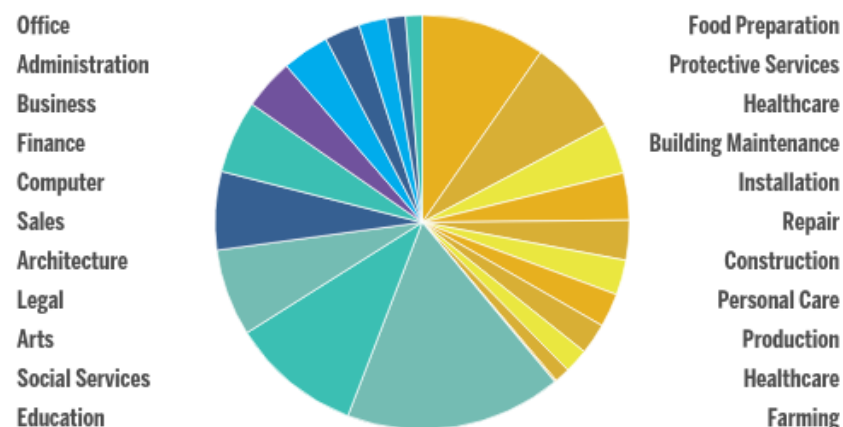
Office Availability is up to 21%



81% Decline in SqFt Leased compared to 2019



61% of Downtown Occupations are Remote Compatible



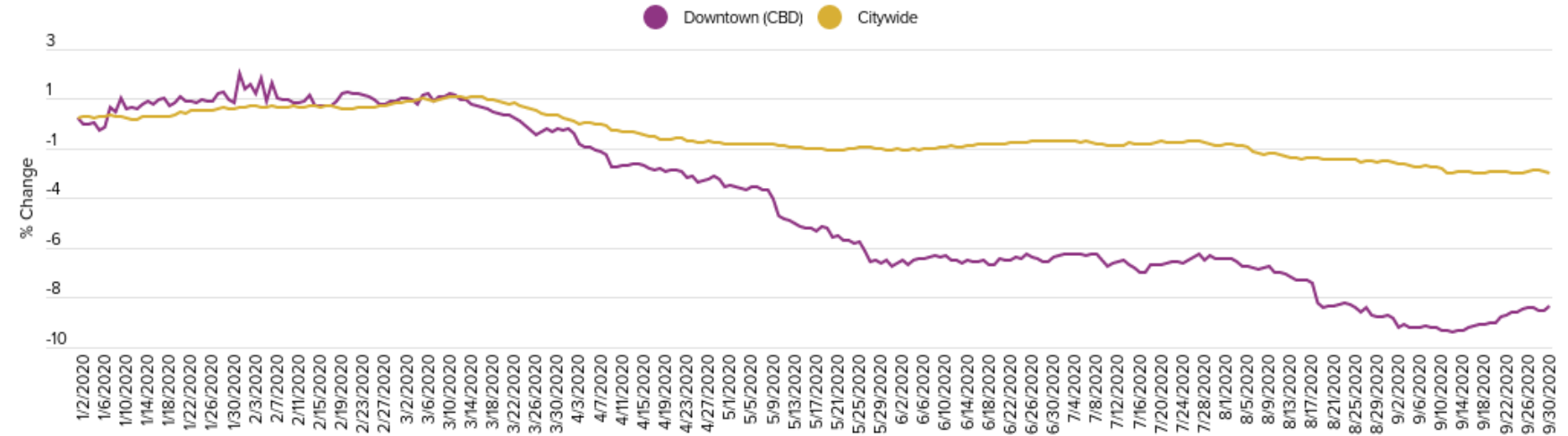
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RESIDENTIAL MARKET

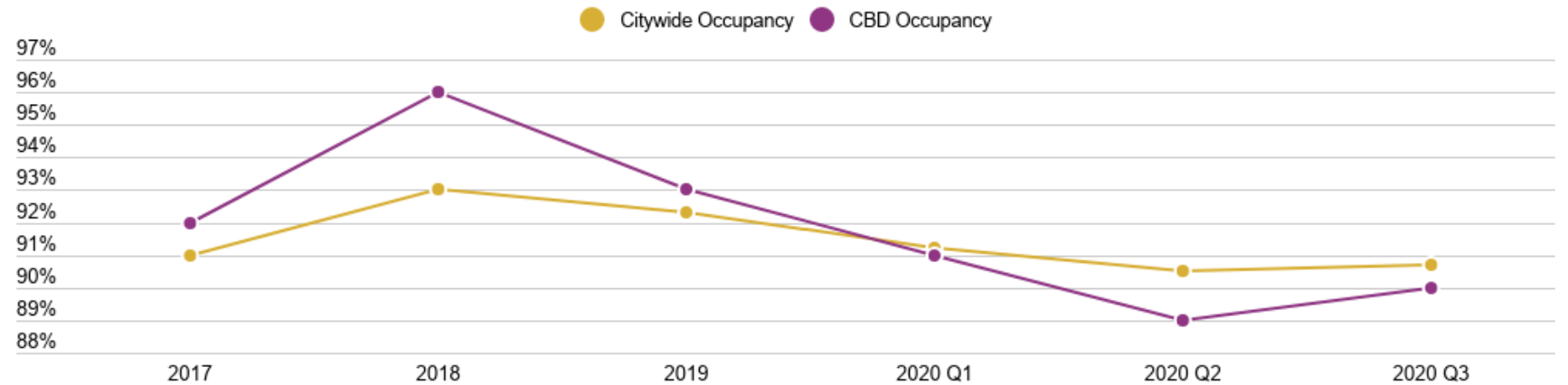
Recent data suggests that 90%+ of rents are being collected, but many are not renewing their leases.

Suburban markets are doing disproportionately well.

Daily Asking Rent Declined by 8% since March



Downtown Occupancy Rates dip below Citywide Rates



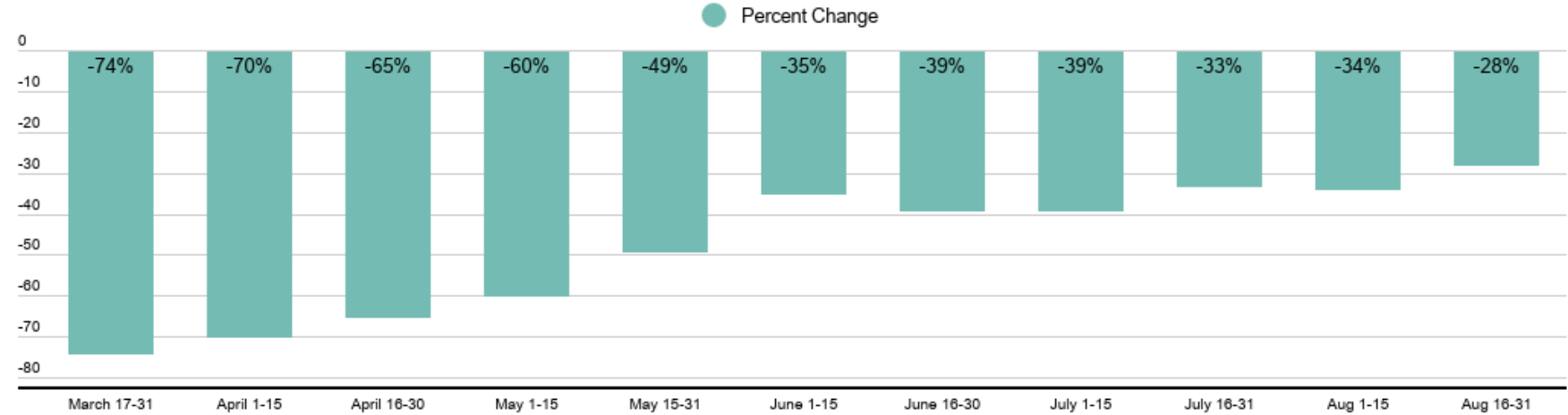
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MOBILITY

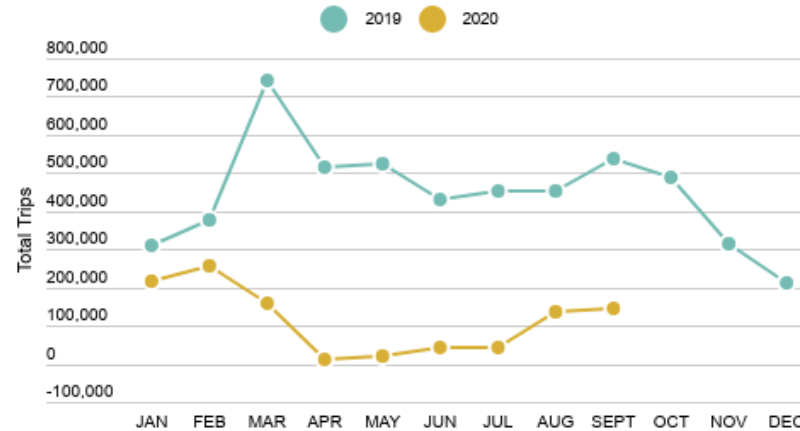
Mobility has picked up in the downtown core.

Travel, using a variety of modes, has increased.

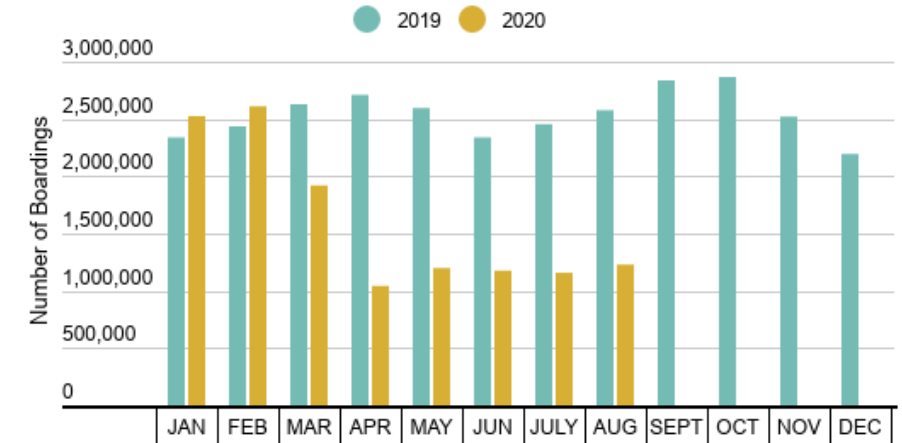
Average Daily Vehicle Traffic Volumes declined by 74% in March, now up by 63%



System-Wide Micromobility Uptick since April



System-Wide Transit Ridership is only down 40%



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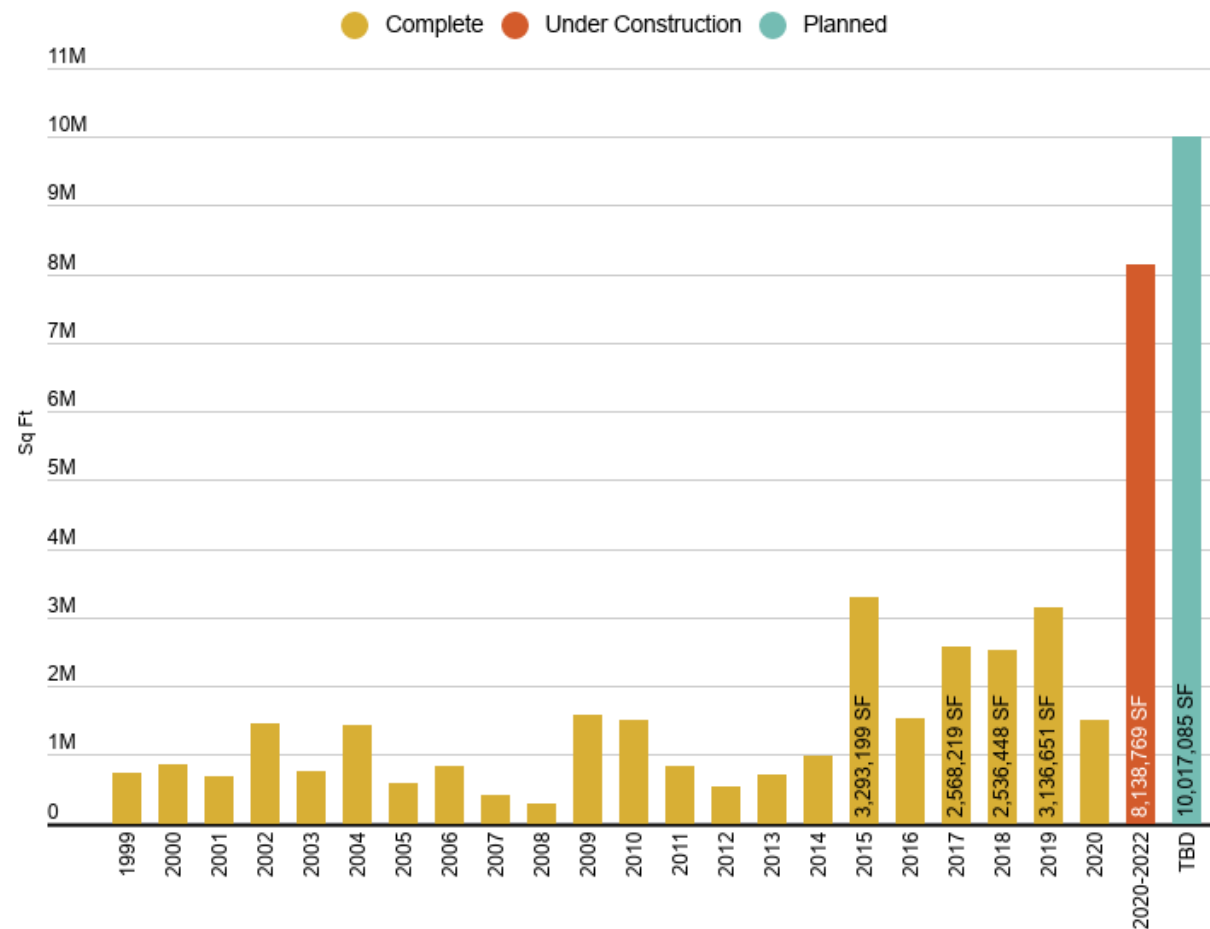
DEVELOPMENT

5 projects have been delivered so far this year: 3 hotels adding over 1,300 hotel rooms, one residential tower – The Austin Proper, and the final elements of the mixed-use property at Plaza Saltillo.

12 large scale mixed-use office towers along Congress Avenue and Colorado Street, 8 residential towers, mostly apartments, and 2 hotels are under construction: this will add more than 5 Million SQFT to the skyline.

16 new projects have been proposed or have recently resurfaced, including a cluster of office buildings just west of the Capitol Complex and several hotels and mixed-use projects in the Rainey district.

The Downtown Development Pipeline Remains Stacked



Downtown Emerging Projects Map

Updated September 2020

Download Downtown Austin's Development Report Here!

Compiled by the Downtown Austin Alliance based on information gathered from the City of Austin Economic Development Department, CoStar, Visit Austin, and other sources.

All Development Projects

Projects Under Construction

Projects Planned or Proposed

Projects Recently Completed

2 1204 San Antonio St

3 1205 Nueces

4 1313 Red River St

5 1836 San Jacinto

6 300 Colorado

7 405 Colorado

9 5th & Brazos Hotel

10 6X Guadalupe

11 701 Rio Grande

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All Development Projects

Projects Under Construction

Projects Planned or Proposed

Projects Recently Completed

12 The Republic

The Republic

12

The Republic

Status: Proposed

Developer: Lincoln Property Co

Size: 1,420,000 SQFT

Product Type: Office

Mixed Use: Y

Estimated Completion Date: 2022

Work at Office vs. Work from Home

- Construction continues as a result of strong pre-pandemic economy.
- Leasing activity nationwide ground to a halt when the pandemic began in March, dropping below activity levels during the Great Recession.
- There has been a rapid increase in subleasing.
- Work-from-home debate could impact central business districts nationally – opinions are split.
- Retailer and Storefront impact – loss of iconic businesses
- Expect a slowing of construction activity in 2021. The next wave of projects, scheduled for Q4 2020 - Q3 2021, is problematic.
- Will the office market downtown absorb the record amount of office space scheduled to deliver in the next year?
- When will leasing activity in downtown rebound and return to pre-COVID-19 levels?
- How will the sublease market evolve as all of this unfolds?

Downtown Recovery Roadmap

- Recovery = Downtown Vision
- Resiliency
- Vitality

DOWNTOWN AUSTIN VISION

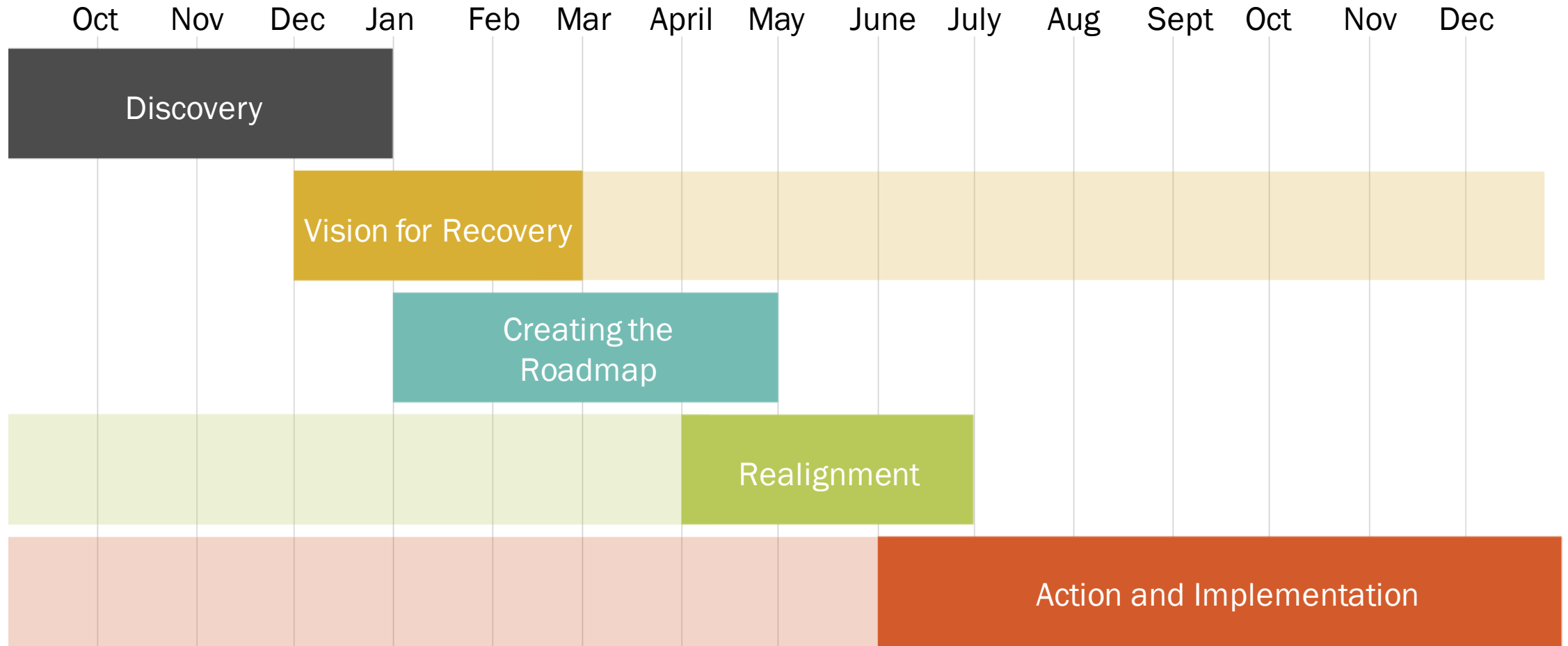
THE DOWNTOWN
YOU WILL ALWAYS LOVE



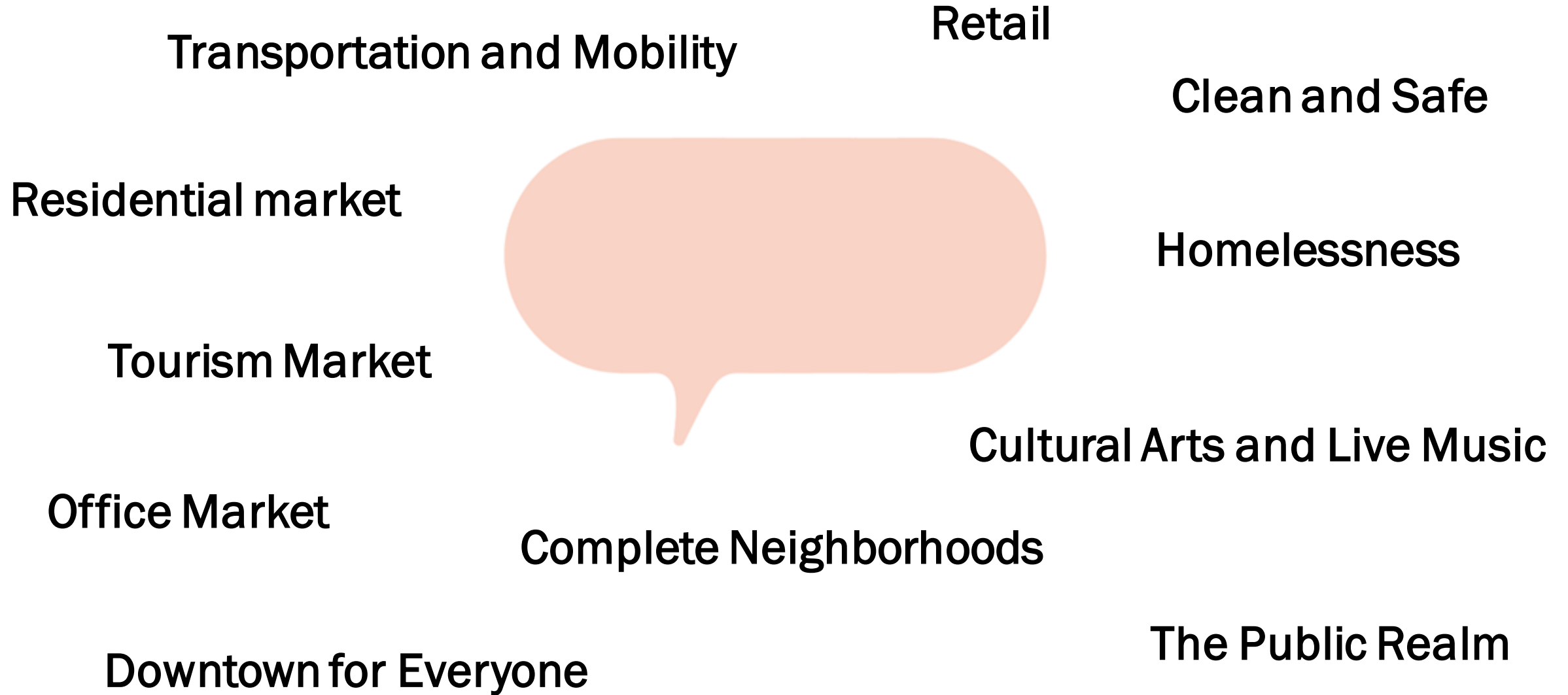
A flexible and dynamic roadmap for downtown's recovery and resiliency

- Sets shared expectations for recovery that align with the Downtown Vision
- Informs priorities for our next fiscal year (service plan, work plans, budget)
- Seeks perspectives from a variety of stakeholders, experts, and community leaders
 - Focus groups
 - Interviews
 - Surveys

Recovery Roadmap Process: Overview



Recovery: What We're Hearing



DOWNTOWN AUSTIN'S RESOURCES



Current Orders

Emergency Rule: Public Health Authority Rules

Stay Home, Mask & Otherwise Be Safe

Executive Order 29: Face Coverings

Proclamation: Size of Gatherings

Map: COVID-19 Testing

Quick Links

A New Future for I-35

COVID-19 Office Market Impact Survey

2020 State of Downtown Report

2020 Future of Downtown Video

COVID-19 Retail Impact Survey

From Home: What We Recommend this Week

August 15

Austin's Birthday Bash

Get Takeout from Kinda Tropical + Hotel Vegas

St. David's Café Divine Now Offering Curbside for To-Go Orders



Current Orders

City of Austin & Travis County

8/14/20

"Stay Home, Mask, and Otherwise Be Safe" Orders extended through December 15, 2020

The county's local disaster declaration and public health emergency have been extended until December 15, as well as Austin and Travis county COVID-19 orders.

<https://downtownaustin.com/>

Thank You

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