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TALK OF TWO CITIES

By Jennifer S. Evans

Which two Texas cities are located strategically along the I-35 corridor, have historic downtown squares, outlet malls and the major employers are universities? Answer: Denton and San Marcos.



San Marcos: Excellence in Planning

San Marcos is one of the oldest continuously inhabited cities in the United States. Native Americans lived along the San Marcos River 12,000 years ago. The city was organized in 1851 and is the county seat of Hays County.

As of January 1998, San Marcos had an estimated population of 38,700. In 1998, the estimated Hays County population was 82,250. The county's average growth rate is 3.1 percent per year for the last eight years.

The Texas Chapter of the American Planning Association named the City of San Marcos the "1997 Community of the Year." This award is given to one Texas city that has demonstrated excellence in planning for its future. Chief Planner Ross Frie, AICP, notes that the city has focused on nature tourism and riverfront preservation. The city recently passed a River Corridor Ordinance that prevents development along the river.

According to John Boswell, director of the Greater San Marcos Economic Development Council (EDC), there is a strong demand for warehousing and manufacturing buildings.

"We receive several inquiries a week for shell buildings," he says. In response, the EDC has been marketing the city to speculative builders. Two of the most recent additions include Hadco, which manufactures landscape lighting fixtures,

and TB Woods which is expanding its manufacturing facility that makes form-flex couplings. CFAN, a company that constructs aircraft assemblies, has expanded and added 139 new jobs.

Jim Hanson, president of the San Marcos Board of Realtors, notes that there has been a significant amount of residential development in San Marcos and in surrounding smaller communities. Kyle, Dripping Springs and Hunter are three that have seen new residential growth.

Until a few years ago, executive housing was sparse in the community. Today there is still a demand for higher-end homes. Duplex development has been strong for the past few years. During the first half of 1998, more than 30 new duplex units were constructed.

In 1997, Hays County added 157 new, single-family units, at an average value of \$71,400. Of those, 68 were within the city of San Marcos. New, single-family construction was down slightly for 1997. For the first half of 1998, 50 new units were added within the city.

Apartment construction has been strong since 1995. More than 1,000 new units have been added since then. The summer of 1998 saw the construction of another new apartment complex.



One of the newest, Sterling University Springs, was designed to attract college students by allowing residents to rent out one room within the apartment. Each roommate has a separate lease. The apartment occupancy rate for 1997 was 94 percent with the average rent at 73 cents per square foot.

Two new retirement centers comprise 129 of the 1997 apartment units added. Sunrise Village and Morning Star Retirement Center are designed for seniors only.

Outlet malls have a major impact on retail sales in the San Marcos area. In 1997, the Tanger Factory Outlet Mall completed a \$2.4 million expansion. Other new businesses include two furniture stores, a bank and two convenience stores. The first half of 1998 has seen the addition of five new retailers and a doctor's office.

Hotel construction also has been strong. All of the new hotels have been locating along Interstate 35. Shoney's Inn is the newest addition—opening in 1997.

Unemployment has remained low for the last several years. The average unemployment rate for the first half

of 1998 was 3.6 percent and the Hays County average was 2.4 percent. Both rates are significantly less than the state average of 4.6 percent. Part of the reason for the low unemployment rate is the education level of the labor force. There are 24 colleges or universities within a 50-mile radius.

Southwest Texas State University has a major impact on the San Marcos area. The school has more than 22,000 students and is the city's largest employer with some 2,500 employees. In addition, the federal Gary Jobs Corps Center contributes significantly to the region's skilled labor pool.

The past several years have seen significant redevelopment in downtown San Marcos. In 1997, the Hays County Courthouse was restored and new sidewalks, lighting and landscaping were placed downtown. In the last ten years, more than 150 buildings have been renovated.

The outlook for the San Marcos area is positive. The city is strategically located along one of the state's

fastest growing corridors—I-35 in between Austin and San Antonio. San Marcos is 26 miles south of Austin and 45 miles north of San Antonio. With 70 percent of the Texas population located within 200 miles of San Marcos, the area is well located to receive continued growth.

Denton: Target for Growth

Denton, a hotbed of development activity, is a city of 73,000 residents located 37 miles northwest of Dallas and 35 miles northeast of Fort Worth. It is the county seat of Denton County, the fastest growing county in the state, according to the 1990 census, with an estimated population of 373,900.

Proximity to the DFW International Airport, Alliance Airport and to the major highways and railways of the region makes Denton an ideal location for citizens, business and industry.

The residential market is taking off in the greater Denton area. Cities along I-35 East, such as Corinth and Lake Dallas, are seeing rapid residential growth. In Denton, during each of the last five years, an average of 270 single-family permits were issued. According to Barbara Russell of Barbara Russell Realtors, the tightest market right now is for homes priced less than \$100,000.

Apartments cannot be constructed fast enough to meet the growing demand for rental housing. Occupancy rates are averaging 98 percent despite the steady increase of rental rates over the past several years. Even the addition of several new apartment complexes has not brought occupancy rates down.

The downtown square has seen the addition of new apartments on top of retailers. The average rent for these units is more than \$1 per square foot. There are currently 16 units on the downtown square with plans to add more.

Retirement housing also is strong in Denton. According to June McNeill with Denton Economic Development, the Robson Group is considering building a 2,500-acre retirement community.

The city is targeting biotechnology, electronics, instruments, aircraft and metalworking industries. Denton Economic Development has attracted United Copper, which is opening a 420,000-square-foot facility and will employ 260 people in its first year. In addition, International Isotopes has recently purchased a 92,000-square-foot facility and will employ 100 people.

The biggest challenges facing the city are a lack of manufacturing space and



DENTON'S DOWNTOWN square is changing with newly renovated apartments opening atop retailers.

infrastructure. Denton Economic Development is working to attract speculative builders to the area. As part of the effort to address infrastructure issues, the city is actively working on a comprehensive plan, according to Stephen Cook with the planning department.

Unemployment has remained low for several years. The average unemployment rate for the first half of 1998 was 2.2 percent for Denton County and 3.2 percent for the city. Two reasons for the low unemployment rate is the high education level of the labor force and close access to jobs throughout the Metroplex.

The University of North Texas (UNT) and Texas Women's University have a major impact on the Denton area. UNT has more than 25,000 students and is the city's largest employer with more than 5,500 employees.

With an ideal location at the intersection of Interstates 35 East and West, Denton is targeted for growth, and the outlook is positive. Access to a trained work force, Alliance and DFW airports and the railroads add to the success of Denton. ☛

Evans is a research associate for the Real Estate Center at Texas A&M University.

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