

**“Is This A Thing?” (Episode 10) podcast transcript
Jan. 30, 2019**

Jay Socol: Welcome to another edition of, "Is this a Thing?" I am Jay Socol, and with me, Natalie Ruiz, Economic Development Director. And Natalie, you're fresh off of speaking at the local economic outlook conference.

Natalie Ruiz: Correct, yeah.

Jay Socol: Which, how many of these have you done now?

Natalie Ruiz: This is my second.

Jay Socol: Oh, that was just second?

Natalie Ruiz: Yeah, the second one. Kelly Templin, our city manager, did those when I first got here.

Jay Socol: Oh, that's right. That's right.

Natalie Ruiz: Yeah.

Jay Socol: Did you use the same presentation as you did the prior year?

Natalie Ruiz: Pretty much. Pretty much. Completely got away from what Templin presented.

Jay Socol: Thank goodness.

Natalie Ruiz: But revamped it last year, and then used that as a framework. Really looking at overall economic impacts. What we saw last year, what we expect to see this next year.

Jay Socol: Okay, so we're going to take a look at your presentation, or at least parts of your presentation. Give people an idea of who's in the room, and who you're targeting with the information you're giving.

Natalie Ruiz: Well the information at the outlet conference was ... It was sold out. So there were 500 attendees, a lot of local business owners, bankers, real estate brokers. The university was there, very well represented. Anyone that's in the construction, real estate side of the market, looking at ... Especially what Dr. Jim Gaines has to say about the Texas economy and how that impacts us here locally.

Jay Socol: Gotcha. Okay, let's take a look at Natalie Ruiz, and her presentation at the Economic Outlook Conference.

Natalie Ruiz: In terms of population growth in College Station, what we've really seen is tremendous amount of growth. Our most recent numbers through December of '18 shows us right at 120,000 people. So, when you look at over the last 10 years, we've seen a steady average growth of about 3.5%. Which sounds pretty mild and acceptable, but when you really put that into perspective, over the last six years we've added 4,000 new residents every single year. So, when you're driving on Texas Avenue and University Drive, that starts to make a little more sense, at least to me and my way of thinking.

Natalie Ruiz: We're continually ranked one of the fastest-growing cities in the United States. And recently a lot of that growth has occurred through very large student-oriented housing developments, that are rent-by-the-bedroom. We've seen a lot of those develop closer to campus, as well as in the Northgate area. Aspire is one of those high-rises that has recently opened. An initial 94 million dollar investment. What we've seen over the last few years is the addition of approximately 5,000 new bedrooms that are within walking distance to the Texas A&M campus.

Natalie Ruiz: In 2018 and moving into '19, what we're starting to see is more traditional multi-family, a move away from the rent by the bed, and more focused on your traditional rent by the unit. We currently have four projects that are under construction in College Station, just over 90 million dollars in construction value. So, given the growth that we've seen locally, we still have one of the most competitive tax rates in the state, at just over 50 cents. Given our size and given our growth rate, we're very competitive in that realm.

Natalie Ruiz: We've also in 2018, we saw just over 280 million dollars in new construction. Now, that's everything: Commercial, residential, remodeling. What that does not include is what's occurring on the Texas A&M campus. So, Century Square for example, over 300 million dollars have been invested at that location alone, that's not reflected in these numbers. We've also seen just under 500 new homes that's built in the College Station city limits.

Natalie Ruiz: So, to put that 280 million dollar construction number into perspective, when you look at the last 10 years, we're still very strong when you look at 281 in comparison to our steady years, so more '14 and '15. It really proves that '16 and '17 were years that held some really big projects in terms of the high-rises that we talked about earlier, new hotel development, our schools as Clark Ealy mentioned earlier. We had several schools under construction. So, '16 and '17 were just really stellar years.

Natalie Ruiz: But when you put that 281 million in the context of a 10-year construction investment value, while we're down it's still a very strong number. Also in 2018 we improved our bond rating through Moody's and Standard & Poor's. And that's important because it really shows our financial stability as a city. It also has an impact on the rate that we pay when we borrow money for major infrastructure projects for the city. To put that in perspective, in our FY '19

budget we had just under 108 million dollars planned in roadway improvements, utilities, major core facility improvement projects.

Natalie Ruiz: So, even with the amount of growth that we're experiencing, we're still consistently ranked as one of the best college towns in the United States. And I don't know for you, but for me I don't really need anyone else telling me where the number-one college town in Texas, 'cause it's just true. So when you look at ... Thank you for the whoop. So, in 2019, at least locally, what we're seeing is a lot of what's happening on the national and state level, in terms of commercial development.

Natalie Ruiz: I think what we're gonna see is a continued focus on the customer experience. There's a lot of money and time being spent in getting visitors to your site, having them visit multiple businesses while they're there, stay awhile, and then come back. So, there's the overall experience that is a focus. Locally, we're also seeing businesses find second locations, whether it's a restaurant or a retailer. But finding that second location within our city limits. Value retailers are gonna continue to grow. We saw a very big push in '18 that was really led by Dollar General, dollar stores as a whole, but also TJ Maxx companies really led the charge here in Texas.

Natalie Ruiz: And I don't know if you saw me doing some hand signals earlier, we just got the thumbs up a few minutes ago that the HomeGoods lease was signed there at the Culpepper Plaza there with the Kohl's shopping center. They just signed a lease at that facility. And so, HomeGoods will move into that. They're a product of the TJ Maxx line. And last is, Midtown College Station. I think you're seeing in both cities a focus on that geographic core of our cities, in terms of redevelopment and development.

Natalie Ruiz: So, just taking a minute to look at what we saw in 2018, that was really, what we saw was more of a stabilizing effect for retail. For years there was this battle between online retailers and brick-and-mortar. And what we found in '18 was your traditional online retailers, like Amazon, were investing in brick-and-mortar stores, with their purchase of Whole Foods, and their expansion plans for '19. We've also seen brick-and-mortar invest more in their online sales.

Natalie Ruiz: Target is now investing most of their funds, their expansion plans in your more urban format, walkable stores, between 20,000 to 40,000 square feet in highly urbanized areas. At Home is also a local example of when Gander Mountain first moved out, we reached out to HomeGoods, and they said, "Thanks, but no thanks. We need 100,000 square feet." Over time they developed a smaller store format, like a lot of the large retailers are doing, and we were able to settle on about 87,000 square feet to have At Home locate in that building.

Natalie Ruiz: So, what are we seeing in 2019? We're continuing to see the focus on experience, the customer experience and overall convenience. And that's never been more true than in the grocery market. I remember talking to you last year about some of the trends that we were gonna see with scan and go technology,

same day delivery. And we have those opportunities right here in College Station. Locally we're also seeing new technology with the HEB at Jones Crossing. They have a new scanning that they're testing at that facility.

Natalie Ruiz: Also, what we've seen is that Kroger, or partnerships, traditional retailers are partnering more and more with businesses that can help get their product out. Kroger just recently announced a partnership with an autonomous vehicle company, in which they're testing delivery of groceries via autonomous vehicles. Now, Amazon continues to partner with traditional retailers like Kohl's, to have a physical presence. And we're gonna see a lot of that I think in '19. You have retailers that have quite a bit of showroom space, that they're going to repurpose over time. And it's never been easier for a customer to change who they're shopping with, because of technology and convenience.

Natalie Ruiz: In terms of the commercial experience, we're seeing that here locally, especially in the commercial market. We're seeing that at the national, state and local levels when you encourage someone to stay awhile. The new HEB Center in terms of their retail development, they're signing new restaurants, retailers, gyms every day. And what we're seeing there is the ... On the retail side of things, where restaurants are, there's very large patios. They're encouraging you to come and hang out, pick up some groceries, have lunch, get your nails done, visit the gym.

Natalie Ruiz: There's also a common area that they program specifically with different events. They had a visit with Santa Claus over the holidays. But it's encouraging, it's programming that space and encouraging you to come and stay a while, and come back to visit. Century Square is another example of that same focus on customer experience. It's that mix of residential, office, commercial, restaurant uses, that encourages you to come back.

Natalie Ruiz: Again, you'll see a common green, you'll see a common area that is planned and programmed for different activities. Whether it's live music, yoga, games, to encourage you to visit them and stay there for a while and visit. In 2019, we expect them to continue with phase two. There's some vacant property there on University Drive that we'll see some two-story office, retail, development occur there as well.

Natalie Ruiz: We're continuing to see pressure along University Drive. I mentioned Northgate earlier. With rooftops comes new residential, and that's what we're starting to see, and I believe we're gonna see in '19 and '20 in North Gate, are new retailers moving in to serve those new 5,000 beds. Chimney Hill is also an area that we're seeing redevelop. Republic Steakhouse recently just moved in. Primrose Path will open this spring. There are also plans for a new Starbucks at that location, as well as a new hotel towards the back. And a large pad site just right here across the street.

Natalie Ruiz: University Town Center is sort of our restaurant row here in College Station will continue to develop. They're working on their next building, that will include a

mix of office, and commercial that will be located pretty close to the Grub Burger Bar that's at that location. We'll continue to see development along State Highway 6. The Mercedes, BMW, and Hyundai dealership will open up this year. And I had mentioned earlier the second locations, and we're really seeing that at CapRock and at Tower Point.

Natalie Ruiz: We're seeing local restaurateurs like Mad Taco, RX Pizza, Blue Baker, that are expanding in that area. And think a little bit about the restaurants that are on University Drive. We're currently working with three of those restaurants that are wanting to have a second location south of town. We've finally reached that critical mass and the spacing that's needed. Again, the retail's following the rooftops that we've seen south of town.

Natalie Ruiz: We'll also continue to see restaurants develop, more of your casual dining sit down restaurants, in terms of Walk-Ons, Gringos, and TaD's Steaks and Seafood. Also in 2019, Midtown and College Station is really ... We're focusing on that area that's bound by Highway 6, Rock Prairie Road, and Fitch. In that general area, Lakeway was extended this last year and it will be completed in the spring. It runs parallel to Highway 6 and it opens up that entire area. There's also a major sewer trunk line that was extended, that will help open up that area as well.

Natalie Ruiz: On the left hand side of your screen, the City Center and residential area, that's privately owned. And the group that's working on that will have new homes you'll start seeing come out of the ground in May at that location. There's commercial that's planned, there's a rec center, restaurants, hotels. You'll continue to see that development over the near future. On the right hand of your screen and the green piece along the center, that's all publicly owned. And we're working on master plans that were approved just last year to develop that area into our next business park.

Natalie Ruiz: Now, Steve Manchester with the county is gonna come up next and really talk about why we need business parks in our larger community, and why those are important to our economy. Our focus is, at the top of your screen in the green area, that's Southeast Park. Hopefully we can rename that to Midtown. But, we're currently under design for new baseball, new softball fields, new athletic facility at that location.

Natalie Ruiz: The light blue on Highway 6 at the bottom of your screen, that's 57 acres that we currently have on the market to work with someone to do a mix of commercial uses at that location. Retail, commercial service, things like that. And there's also you'll see the large green areas, there's a large buffer, trail system to where we'll have the connectivity, especially on pedestrian and bike level. We'll have the vehicular connectivity with Lakeway and Bird Pond Road. And then we'll have buffers in there to buffer the neighborhoods from the new industrial, manufacturing some of your higher tech type businesses.

Natalie Ruiz: So, with that we feel like we're continued to be prime for growth in the College Station area. We continually rank high at the national level for being ready for that next level business. And with that, I'll turn it over to Steve Manchester to talk more about at the county level. Thanks.

Jay Socol: That was great Natalie, because it allowed me to catch a nap. And, but I'm sure it was great, all that you said. All those numbers and slides and things.

Natalie Ruiz: Charts and graphs, yeah.

Jay Socol: Yeah.

Natalie Ruiz: Oh, yeah.

Jay Socol: And the standing ovation at the end was terrific. So, now let's talk about one of the elements of your presentation. And that is Midtown. So, there are some different pieces of what Midtown business park is for us, what an adjacent development is, and really how the whole area of College Station is poised to evolve. So, explain to us kind of the pieces to this puzzle and how will they fit together?

Natalie Ruiz: In general, Midtown's the area that's bound by State Highway 6, Rock Prairie Road, and WD Fitch. And if you'll notice, we've seen some development along the fringe. So fronting Highway 6, fronting Fitch. And the reason for that is those were the areas that had street access, had utilities. In order to open that triangle up, there were some major regional infrastructure that needed to go in, Lakeway being number one. Connecting the area behind Lowe's parallel to Highway 6, all the way down to the new Baylor Scott & White Hospital.

Natalie Ruiz: The construction of that will be complete in April of this year. And we'll open, there's also a leg of Pebble Creek that was constructed with that, that connects Highway 6 to Lakeway, there next to Christ United Methodist Church, that will help open up that area. And we've also partnered with Impact Companies, who's doing a private development that's closer to Rock Prairie Road's side of the property.

Natalie Ruiz: He up-fronted the cost of a major sewer trunk line that started at Fitch, that will end up going all the way over to Rock Prairie Road, and then down to Highway 6, to provide sewer service to that whole area. So, those major pieces of infrastructure, those building blocks, is gonna allow that area to open up.

Jay Socol: So, from the mobility standpoint, it's excellent for people who live and work in that part of the community.

Natalie Ruiz: Absolutely. If you're leaving Pebble Creek, or if you're coming from south of town, and you don't want to go through the intersection there at Fitch and

Highway 6, you can pick up Lakeway and take it all the way down to Baylor Scott & White.

Jay Socol: And from the standpoint of additional infrastructure, the things that are being put into the ground, what does that help you do?

Natalie Ruiz: Well, the city also has about 450 acres in that area that we've always planned for the next business park. But again, the cost of the infrastructure and getting that in place so that you could market that property is just now coming to fruition. So, what that's going to allow us to do is have landing spots for your primary jobs. Your primary employers, manufacturing, industrial, office uses, that could come in there, that we have the landing spots for folks that would really have a big impact on our economy and bring more jobs to College Station.

Jay Socol: So, you and I have a lot of fun talking about what's the next restaurant, what's the next box store. And you talked about some of those things during your presentation at the Outlook Conference. But, what are the kinds of things that the Midtown Business Park ... What are the kinds of things that you hope will locate there, that we need here for our economy?

Natalie Ruiz: Right. We ... Some of the areas that we're really focusing ... It's not rocket science. I mean, the energy sector is very important in Texas and very important here locally. So, trying to capitalize on some of the specific businesses in the energy industry that could expand or have a presence here in College Station.

Natalie Ruiz: We're working very closely with Texas A&M University on some of their materials testing, their research and development. So that some of the companies and technology that's being produced at Texas A&M could spin off into a manufacturing, a testing facility. Trying to really build off of what's already here and expand that in College Station.

Jay Socol: So, talk about some of the other pieces that are starting to fit together in that particular area of town.

Natalie Ruiz: The city also has a large ... It's a 57 acre track that's in between Lakeway and Highway 6, that's designated for commercial. We have that on the market currently, we're looking to work with a commercial developer that could bring in much needed commercial uses in that area, whether it's grocery, retail, restaurants, commercial services. We're quickly running out of large commercial tracks to provide opportunities for commercial uses.

Natalie Ruiz: And as you know Jay, we've talked about this before, commercial follows rooftops. That's where all of our new rooftops are being constructed. 90% of them. When you look at Fitch, when you look at the areas beyond on Highway 6, the speedway, that's where we're seeing new homes being built. And retail will continue to come that direction. We wanna make sure we have an opportunity for them to develop right there off of Highway 6.

Jay Socol: So, we talk about manufacturing and some industrial and so forth, but even people who already live in neighborhoods that may not even be close to this Midtown area, there will be reasons for them to eventually go and spend time there.

Natalie Ruiz: Absolutely. The private side ... When you look at that larger area, you have the privately owned property that's closer to Rock Prairie Road, the publicly owned property that is closer to Fitch. There's a large green way that's included as part of that along Lick Creek, that has the trail system currently. We also have Southeast Park, that is currently under design for an athletic complex consisting of softball and baseball fields that will come along.

Natalie Ruiz: Lots of commercial opportunities in both the city's area, as well as the private side of things. So, once Lakeway is in, once we start seeing new development there, I think that's one of the areas in the next three to four years where you're really going to see the biggest difference. From currently what's there, a lot of pasture, to new homes. New homes will be under construction, estimating in May of this year. Continued development of the hospital and the area around that. This is the area where I think we're gonna see some of the biggest changes.

Jay Socol: Anything else we need to know about Midtown or anything else going on in that particular area?

Natalie Ruiz: I don't think so.

Jay Socol: We're pretty good?

Natalie Ruiz: Yeah. I think we covered it.

Jay Socol: So, how about some of the other fun stuff that you've either had some success with recently or you feel like is on the horizon?

Natalie Ruiz: Well, one of the big announcements that we made, and literally it was we got the okay to release it that morning as I'm sitting there getting ready to go up and present, was the new Home Goods. They're a TJ Maxx company, we've been working with them for years, trying to find them just the right location. We've been very close on some other deals, but weren't quite able to land 'em.

Natalie Ruiz: And when we were in Dallas two weeks ago, they had signed the lease on Central Station, the old Culpepper Shopping Center there at Harvey Road and Texas Avenue.

Jay Socol: Right.

Natalie Ruiz: They're going in there between Spec's and Kohl's and expect to open in August. So, just selfishly, I love HomeGoods, so that was a big coup for us.

Jay Socol: Well, I knew when you made the announcement because Twitter went crazy.

Natalie Ruiz: Yeah.

Jay Socol: From the people who were there, both media and just the business community in attendance. So that really resonated. But why is a place like HomeGoods such a big deal for us?

Natalie Ruiz: Well, one they're part of a larger company, the TJ Maxx companies. And what we've seen with the larger, bigger box retailers, like an At Home, like a Best Buy, are struggling from the standpoint of reducing their footprint, being more involved in online sales. They haven't been expanding the last couple of years. Everyone's been on hold waiting to see what the online sales, what the Amazon effect is gonna have on the brick and mortar stores.

Natalie Ruiz: And so, you've seen folks that have been hesitant to make that commitment and sign a lease. So, this was a big deal for us. Just like At Home. When Gander Mountain decided to leave that site, we reached out to At Home and a couple of other retailers that could have taken down the whole site, and At Home didn't wanna talk to us. They had a 100,000 square foot minimum. And they weren't interested in that location.

Natalie Ruiz: Now, we continued to work with them. Because of the changes in the retail market nationwide, they started looking at a smaller footprint. And we were able to land on about 87,500 square feet there, and were able to close that deal with Clint Oldham and Oldham Goodwin here locally. But it took a little work and it took that retailer that has a formula to be able to adjust that formula to fit this market.

Jay Socol: So, instead of doing our usual flyby in different parts of College Station, I just wanted to focus on two more to give you a chance to give us an update.

Natalie Ruiz: Okay.

Jay Socol: Jones Crossing and then also Chimney Hill. What can you tell us about those two slots?

Natalie Ruiz: So, at Chimney Hill, the Republic just opened, just this ... Just in end of December.

Jay Socol: Yes.

Natalie Ruiz: They've been open about a month. Primrose Path is scheduled to open this spring.

Jay Socol: Okay.

Natalie Ruiz: So, we're excited about those. The developer also recently announced a new Starbucks with a drive through will be locating there and developing this year. And then there's interest in the back of the property for a hotel. They're under contract, they're going through their due diligence, and they've seen quite a bit of interest in the back for different hotel products.

Jay Socol: Okay. And Jones Crossing?

Natalie Ruiz: Jones Crossing's exciting. So, HEB is open and doing very well. From what we understand they're running about 20% above their projections.

Jay Socol: Great.

Natalie Ruiz: Which is phenomenal. And we're starting to see some retailers move in as well, and there's some pad sites there along the 2818 Frontage. Chick-fil-A has announced they've purchased a pad site, or they're leasing a pad site, and will soon develop in '19.

Jay Socol: So, we can expect traffic to come to a screeching halt in that part of town?

Natalie Ruiz: Absolutely.

Jay Socol: Great. Super.

Natalie Ruiz: Long lines.

Jay Socol: Okay.

Natalie Ruiz: They go pretty quick.

Jay Socol: They really do.

Natalie Ruiz: But, so Chick-fil-A. There are some other restaurants looking at the pads that we can't announce just yet. There's a new Asian fusion restaurant there for sushi. Oishi Sushi, if you could say that 10 times fast.

Jay Socol: That sounded perfect.

Natalie Ruiz: Yeah, with my thick accent. But, they're recently opened, doing very well. I heard it's one of the best sushi places in town, although I'm not a sushi person. They've done well. We've also ... Threads Boutique is opening. It's a local couple that's opening that location as well. And there's a ... I'm not quite sure how to say this, but it's a cryogenic facility where you literally go in and freeze it off.

Jay Socol: Is that their slogan?

Natalie Ruiz: No, but it should be right?

Jay Socol: Come in and freeze it off.

Natalie Ruiz: And then there's some other restaurants. There's Zero Degrees, they just pulled a permit this week. And thank goodness we didn't have this here when I was pregnant, 'cause I probably would've been much more unhealthy. But, they provide custom teas and slushies.

Jay Socol: Okay.

Natalie Ruiz: With fresh fruit. And then they also specialize in snacks. So, it's an Asian and Mexican fusion place. So, they have elote with crushed flaming hot Cheetos. And pork rinds and wings and ... Yeah. It's ... We're gonna have to check that out.

Jay Socol: Yikes.

Natalie Ruiz: Yeah.

Jay Socol: That sounds tremendous.

Natalie Ruiz: Yeah.

Jay Socol: Okay. So, we've covered a bunch. Thanks for letting us come and videotape you during your presentation at the Outlook Conference, because we really did appreciate that and the information you shared there. And just a little hint to the future, we're gonna kinda change up the podcast a little bit in the coming months. I think it's going to be bigger and better. And we'll have some additional faces and voices as part of it, too. But thanks for being part of this today.

Natalie Ruiz: Thank you.