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## Austin Realtor starts California-themed neighborhood designed for short-term rentals

**His homeowners association will welcome visitors with open arms**

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Real estate agent [Mark Strub](#) is using the demand for vacation rentals and the desire of Austin homeowners for supplemental income as a unique marketing strategy for his latest venture.

A California-themed subdivision being developed by Strub and his wife, Christy, in East Austin is being marketed as a pro-short-term rental neighborhood. The homeowner's association of the 17-home community is being formed to allow short-term rentals of owner-occupied homes — instead of outright prohibiting them like many HOAs in the city, Strub said.

"I am going to help people understand the value of [short-term rentals] as something they can do to offset some of their costs to own because Austin's prices are high and taxes are high," he said.

Short-term rentals are typically houses, condos, townhouses and apartments where a room or the whole property is offered for rent on a nightly basis on such websites as Airbnb and Vrbo. Several new apartment buildings in Austin's urban core have deals with companies like Sonder and The Guild, which offer short-term rentals with hotel-like amenities.



RAVEL ARCHITECTURE, STRUB RESIDENTIAL

Austin Realtor Mark Strub and his wife Christy of Strub Residential Group are developing this 17-home subdivision on that east side that will be marketed to owners looking to do short-term rentals.

While the city of Austin has attempted to prohibit short-term rentals in homes not occupied by the owner, interest in the practice has spiked. The capital city is No. 3 in the country for short-term rental penetration when compared to hotel supply, according to a new report from CBRE Group Inc. Austin trails only Los Angeles and Miami, while all of the major metros in Texas are ranked in the top 30 lodging markets for short-term rental penetration.

In 2019, there were an estimated 7,422 short-term rentals in Austin compared to 41,325 hotel rooms, according to the report. That gives Austin a short-term rental penetration of 18%.

Austin's short-term rental market is likely saturated, according to the report. A market is typically saturated when the short-term rental supply matches 10% to 20% of its hotel-room supply, the CBRE report stated.

"The STR industry continues to grow as a somewhat comparable and slightly cheaper alternative to traditional hotel rooms," said [Jamie Lane](#), senior managing economist of CBRE Hotels Research. "But the industry's growth has changed course in recent years to focus on suburban, rural and resort markets, which now represent about 80% of the industry's room supply, up from roughly half in 2014. In urban markets, the related slowdown in STR growth might provide some relief to hotel owners."

Strub said short-term rentals can generate at least double the revenue of a traditional long-term rental home. Even homeowners who want to rent out their homes during the month of March (when SXSW happens) can make enough to pay their yearly property tax bill, he said.

Construction is starting on the houses at The Seventeen, Strub's California-themed subdivision along East 17th Street off Martin Luther King Boulevard about three miles east of downtown. The houses start at \$617,000 and come in three different styles, named Big Bear, SoMa (a neighborhood in San Francisco) and Redondo.

## The Seventeen in East Austin ☆



Strub said the names of the houses honor his family. His mom grew up in Redondo, his parents honeymooned in Big Bear, and his grandfather worked in the financial district of San Francisco. They represent three distinct areas of California: beach, mountain and city.

They also reference all of the Golden State residents moving to Austin on a daily basis, Strub said. About one out of three of his buyers are moving from California.

“It’s exciting because I am building exactly what I am trying to find [for buyers] on a daily basis,” he said of the homes.

Homes at The Seventeen are also designed to make renting out a single room easy, Strub said. The first-floor bedroom has an attached bathroom, and the owners can stay upstairs when a renter is there.

Juniper Building Company is the builder. Ravel Architecture designed the houses.

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