



Kyle, Texas: Jewel of the Corridor?

Kyle, Texas has been noted as the fifth fastest growing city in Texas, and recently named the “Hot Spot” of the Austin-San Antonio Corridor for commercial investment and development. This designation was given by the Austin and San Antonio Business Journals at the 2007 Growth Summit in San Marcos in September. Kyle received this designation because of their effective planning strategies and willingness to work with all kinds of developers. Tom Mattis, Kyle City Manager states, “...the City of Kyle has positioned itself to embrace every kind of development – and the Central Texas business community certainly now recognizes that.”

Recent commercial development includes the opening of one of the largest HEBs ever built, showing that the Texas grocer has high hopes for this town of 25,000 as of May 2007. Upcoming development in Kyle includes a Seton Hospital and a 1-million square foot retail center. The mixed use development will consist of the hospital, retail space, and professional offices at a cost of \$438 million, making it the single largest development in Hays County. The development of the retail and offices is being done by SCC Development of Austin. The project is scheduled to take 15 years to complete and is using a sales tax revenue sharing to fund the latter portions of development. The city is not putting up any money nor did they give a tax abatement to the project. The Hays Consolidated School district comes out a winner in the deal as they will see an increase in revenue of almost \$70 million over 20 years.

Land prices for commercial property along the I-35 corridor in and around Kyle range from \$3.00 a square foot to \$10.00 a square foot depending on location and size of the tract. These prices reflect the relatively inexpensive land market of the Kyle area. With the increasing number of people moving out of Austin to neighboring communities the I-35 corridor has become a hotbed of commercial activity in the outlying cities between Austin and San Antonio. TxDOT has the traffic count for I-35 in Kyle at 90,000 vehicles per day.

Also due to Kyle offering such great incentives to businesses, a large computer manufacturing company known as RSI (Response-Service-Innovation) has decided to relocate from Austin to Kyle and move into a \$3.5 million plant there by the first part of next year. The company will bring up to 200 high tech jobs into the Kyle area.

Commercial development is not the only thing going on in Kyle; there are also numerous residential developments that are ongoing and scheduled for the Kyle area. According to the City of Kyle website, currently platted development can accommodate a population of over 60,000. There are multi-family sites that are in the works as well.

As with commercial land, residential land near Kyle is also inexpensive in comparison to prices closer to Austin. With larger tracts priced around \$10,000 an acre and the more expensive tracts priced at \$17,000 an acre. As with most of the I-35 corridor, land on the west side of I-35 tends to be more expensive and be more desirable for home buyers. The homes in these subdivisions usually are priced higher due to higher land costs and higher development cost. However, land on the east side of I-35 is easier to develop and is cheaper, which makes it highly desirable to developers due to the ability for greater returns.

Utilities as always are an issue around Kyle, however, there is a solution that is in the works. As of right now, there is only water and electric available to the land east of the city limits of Kyle. The current water purveyor, County Line Water Supply Corporation is applying for a wastewater discharge permit to allow them to build a sewage treatment facility to service roughly the same area as they serve for water now. Service is expected to be available in two to three years.

Kyle has shown steady growth over the last five years and is showing no signs of slowing down, that is why Kyle is the fifth fastest growing city in the state. Development in Kyle is exploding with multiple commercial and residential projects under construction as well as more scheduled to begin in the near future. Yet, land prices are still relatively inexpensive compared to neighboring markets. All of these things coupled with the city's eagerness to attract and work with new developers and incoming companies make Kyle an excellent choice for investment and development opportunities. Therefore, I do believe Kyle to be the Jewel of the Corridor.

- Skip Lietz