

CITY REPORT

Coffee Shop / Cafe Opportunity Report

East Austin, TX — Travis County, Texas



OPPORTUNITY SCORE: 74/100

GENERATED MARCH 2026

REPORT LG-SAMPLE-CITY

ACS 2022 DATA

OSM MARCH 2026

First-time owner • Young professionals • \$150K-\$500K budget • Strip mall

01 Executive Summary

East Austin stands at a compelling inflection point for specialty coffee investment. The rapidly transforming corridors of East Cesar Chavez, East 7th Street, and East 12th Street have emerged as one of Central Texas's most dynamic commercial districts. Over the past

five years, the study area population has grown to approximately 220,000 residents, fueled by Travis County's 14.2% population surge that ranks in the 89th percentile nationally. East Austin has absorbed a disproportionate share of that growth, driven by tech-sector expansion, corporate relocations (Tesla, Oracle, Samsung), and quality-of-life migration from higher-cost metros.

The median household income of \$72,000 positions the market firmly in the specialty coffee sweet spot: high enough to support \$5.00–\$7.00 drink pricing and habitual daily purchases, but not so elevated that the market is saturated with luxury concepts competing for the same dollar. The 28% share of residents aged 18–34 — well above the national average — represents the demographic cohort with the highest per-capita coffee expenditure in the United States, spending an estimated \$85–\$120 per month on coffee and beverages.

However, East Austin's window is narrowing. The competitive landscape has matured considerably: the study area now hosts 22 coffee-serving establishments across all tiers, with national chains like Starbucks and Dutch Bros aggressively expanding along primary corridors. Commercial lease rates have escalated 18–22% year-over-year on flagship streets, and our saturation analysis shows the market is at 62% of estimated capacity — meaning roughly 12–18 months remain before the economics shift decisively against new entrants.

The overall Opportunity Score of **74 out of 100** reflects this tension: strong demand fundamentals (score 78) and exceptional growth trajectory (score 82), tempered by an increasingly competitive field (score 71) and viability pressures from rising costs (score 63). For a first-time owner targeting young professionals with a \$150K–\$500K budget, strip mall locations on secondary streets offer the strongest value proposition — rents 30–40% below corridor peaks with comparable foot traffic from surrounding residential density.

Key Findings

74/100

Opportunity Score

12-18 Mo

Window of Opportunity

28%

Age 18-34 (Target Demo)

Rising

Commercial Rents (Risk)

"East Austin represents one of the strongest independent coffee shop opportunities in Central Texas. The convergence of rapid population growth, a young workforce, and moderate competitive density creates a window that is narrowing but far from closed. First-time operators who move within the next 12-18 months — particularly in strip mall locations on secondary corridors — can still capture favorable lease terms and build a loyal customer base before saturation peaks."

— Location Genius AI Analysis Engine

OVERALL OPPORTUNITY SCORE

74/100

Weighted composite of demand strength, competitive density, growth trajectory, and economic viability

Moderate Risk — High Opportunity

78

DEMAND (35%)

71

COMPETITION (30%)

82

GROWTH (20%)

63

VIABILITY (15%)

Sub-Pillar Breakdown

VARIABLE	RAW VALUE	PERCENTILE	WEIGHT	PILLAR
Population Density	2,410 / sq mi	78th	15%	Demand

VARIABLE	RAW VALUE	PERCENTILE	WEIGHT	PILLAR
Median Age	33.6 years	80th	10%	Demand
Income Fit (vs Category Range)	\$72,000	74th	20%	Demand
Young Adult Share (18-34)	28.0%	82nd	15%	Demand
Single-Person Households	38.6%	74th	10%	Demand
Workforce Participation	70.8%	72nd	10%	Demand
College Educated (25+)	49.1%	81st	10%	Demand
Renter Share	54.3%	71st	10%	Demand
Effective Competitor Count	13.8	56th	40%	Competition
Saturation Ratio (vs Benchmark)	0.62	68th	30%	Competition
Brand Diversity Index	0.68	64th	10%	Competition
Independent Share	40.9%	70th	10%	Competition
Competitor Density per Sq Mi	1.84	52nd	10%	Competition
Population Growth (5yr)	+14.2%	89th	60%	Growth
Housing Unit Growth (5yr)	+18.6%	92nd	40%	Growth
Rent Affordability Ratio	0.31	52nd	40%	Viability
Urban/Suburban Fit	Urban	85th	30%	Viability
Income Stability (5yr trend)	+11.8%	58th	30%	Viability

Key Drivers (Score Up)

- **Exceptional population growth** — 14.2% five-year growth (89th percentile) fueled by tech migration and corporate relocations
- **Housing pipeline accelerating** — 18.6% housing unit growth (92nd percentile) with 3,200+ units in the active construction pipeline
- **Target demographic concentration** — 28% aged 18–34 (82nd percentile), the highest coffee-spend cohort nationally

Key Detractors (Score Down)

- **Rising commercial rents** — Triple-net \$32–\$48/SF on primary corridors (+18–22% YoY), compressing margins for new entrants
- **Rent-to-income pressure** — 0.31 ratio (52nd percentile) limits discretionary spending relative to comparable high-growth markets
- **Intensifying chain competition** — 8 national chain locations in study area; Dutch Bros and Starbucks both expanding aggressively

03 Window of Opportunity

12-18 MONTH WINDOW

62%

Current Saturation

+14.2%

Pop Growth (5yr)

1.3 yr

Est. Years to Saturation

+3.4/yr

Competitor Growth Rate

East Austin's coffee market is at **62% of estimated saturation capacity**, meaning there is measurable room for new entrants — but the gap is closing at an accelerating rate. Over the past 24 months, approximately 3.4 new coffee-serving businesses have opened per year within the study area, while population growth, though strong at 14.2% over five years, is decelerating from its 2020–2023 peak as the area's character becomes more established.

At current competitor growth rates and projected population trends, the market is estimated to reach functional saturation — the point at which a new entrant would face above-average failure risk — within approximately **1.3 years** (late 2027). This places East Austin firmly in the "**12–18 Month Window**" category: the opportunity is real and current, but operators who delay beyond mid-2027 will face meaningfully worse economics.

The gentrification cycle in East Austin is entering its mature phase. Early movers (2015–2020) benefited from low rents and first-mover advantage. The current phase offers moderate rents on secondary corridors with established foot traffic. By 2028, the window shifts to a "maintenance market" where new entrants compete primarily on concept differentiation rather than market gap. **For a first-time owner, acting within the next 12 months is strongly recommended.**

What This Means For Your Timeline

With a \$150K–\$500K budget and strip mall preference, you are well-positioned to move quickly. Target lease signing within 3–4 months, with a 2–3 month buildout, to open by Q3 2026. This captures the fall foot traffic season (ACL Festival in October) and establishes your presence 12+ months before projected saturation. Delaying to 2027 would likely mean 15–20% higher rents and 2–3 additional competitors in your target micro-market.

04 Competitor Landscape



Competitor Tier Breakdown

TIER	CLASSIFICATION	COUNT	WEIGHT	EFFECTIVE	KEY PLAYERS
● Tier 1	National Chains	8	1.0x	8.0	Starbucks (5), Dutch Bros (3)

TIER	CLASSIFICATION	COUNT	WEIGHT	EFFECTIVE	KEY PLAYERS
● Tier 2	Regional Brands	5	0.6x	3.0	Houndstooth, Merit, Summer Moon, Cuvee, Medici
● Tier 3	Independent	9	0.3x	2.7	Various single-location cafes
Total		22		13.7	Saturation ratio: 0.62

The **effective competitor count of 13.7** accounts for the disproportionate market impact of national chains versus independents. Against a population-adjusted benchmark of 6.2 effective competitors for this area (based on 2.8 coffee shops per 10,000 population nationally), the study area is competitive but not saturated. The 40.9% independent share indicates strong consumer appetite for non-chain concepts.

Competitor Sentiment Analysis

AI Analysis – Based on Industry Patterns

Common Complaints at Existing Competitors

- **Starbucks:** Impersonal service, inconsistent drink quality across locations, long drive-through waits (15–20 min at peak), mobile order congestion blocking in-store customers
- **Dutch Bros:** Sugar-heavy menu, limited food options, drive-through-only format excludes remote workers seeking workspace
- **Regional chains:** Perceived as "too expensive" (\$7–\$9 drinks) without proportional quality improvement; limited seating and hours

Service Gaps a New Entrant Could Exploit

1. **Community workspace model:** Offer reliable WiFi, ample seating, and power outlets — no chain in the area optimizes for the remote worker cohort
2. **Locally-roasted, transparent sourcing:** Partner with Texas roasters (e.g., Tweed, Barrett, Trianon) to differentiate from corporate supply chains
3. **Morning speed + evening ambiance:** Fast counter service before 10am; relaxed cafe experience afternoon/evening — chains do neither well

05 Supply vs Demand Analysis

METRIC	STUDY AREA (8KM)	TRAVIS COUNTY	NATIONAL AVG	ASSESSMENT
Cafes per 10K People	3.2	2.6	2.8	Slightly Above
Raw Business Count	22	362	—	—
Effective Count (Weighted)	13.7	~220	—	—
Population per Cafe	3,125	3,564	3,571	Good Ratio
Saturation Ratio	0.62	0.58	0.50	Moderate
Market Gap/Surplus	-2.4	—	—	Undersaturated

Brand Market Share (Study Area)

BRAND	LOCATIONS	MARKET SHARE	TIER
Independent Cafes	9	40.9%	Tier 3
Starbucks	5	22.7%	Tier 1
Dutch Bros	3	13.6%	Tier 1

BRAND	LOCATIONS	MARKET SHARE	TIER
Houndstooth Coffee	1	4.5%	Tier 2
Merit Coffee	1	4.5%	Tier 2
Summer Moon	1	4.5%	Tier 2
Cuvee Coffee	1	4.5%	Tier 2
Medici	1	4.5%	Tier 2

The 40.9% independent share is a positive signal — it demonstrates consumer appetite for artisanal concepts beyond chains. The presence of five successful Tier 2 regional operators (Houndstooth, Merit, Summer Moon, Cuvee, Medici) validates the specialty coffee segment at higher price points and suggests room for concept-driven independents.

06 Demographics Deep-Dive

METRIC	VALUE	ASSESSMENT
Total Population (Study Area)	~220,000	—
Population Density	2,410 / sq mi	High
Median HHI	\$72,000	Strong
Median Age	33.6 years	Young
Age Under 18	19.8%	—
Age 18–34	28.0%	82nd pctl
Age 35–54	27.6%	—
Age 55+	24.6%	—

METRIC	VALUE	ASSESSMENT
Households w/ Children	26.8%	—
Single-Person HH	38.6%	High
Renters	54.3%	—
Homeowners	45.7%	—
Workforce Participation	70.8%	Strong
Rent-to-Income Ratio	0.31	Moderate
College Educated (25+)	49.1%	High

Source: ACS 2022 5-Year Estimates, Travis County, TX

Demographic Interpretation

The study area's demographic profile is **strongly favorable for specialty coffee**. The 28% young adult share (82nd percentile nationally) combined with a 49.1% college education rate creates a population that indexes high for third-wave coffee consumption. National data shows the 25–34 age bracket averages 4.2 coffee shop visits per week — 1.8x the overall adult average.

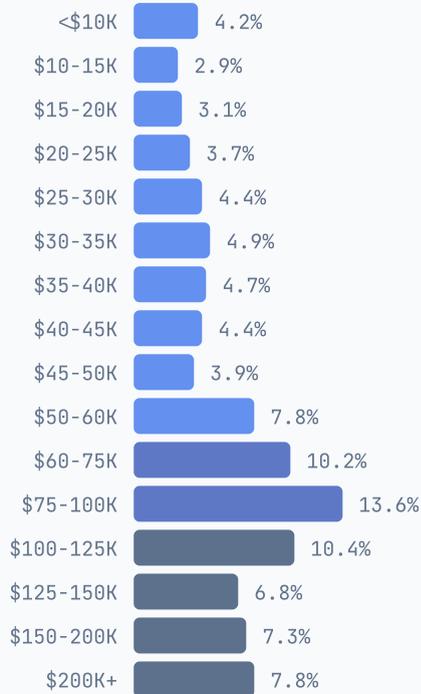
The 38.6% single-person household rate is particularly significant for coffee concepts: solo residents are 2.3x more likely to frequent coffee shops as "third places" for socializing and remote work compared to family households. This creates strong weekday demand beyond the morning rush.

The workforce participation rate of 70.8% drives consistent weekday morning demand, while the high renter share (54.3%) suggests a mobile, consumption-oriented population that values experiences over home equity — a psychographic that aligns strongly with specialty coffee.

For your target of young professionals: The 18–34 cohort is 27% above the national average, making this one of the strongest markets in Central Texas for your customer profile. The median HHI of \$72K supports daily coffee purchases without financial strain.

07 Income & Spending Profile

Household Income Distribution



Spending Propensity Index

112

Study area residents spend an estimated **12% more on coffee & beverages** than the national average, driven by the concentration of \$50K–\$125K earners (42% of households) who have substantial disposable income and habitual coffee purchasing patterns.

Disposable Income Estimate

\$2,280/mo

Estimated per-household monthly discretionary spending after housing, taxes, and essentials. For the 18–34 cohort (your target), an estimated **\$85–\$120/mo** is allocated to coffee and beverage purchases — approximately 22–30 individual transactions per month.

08 Growth & Trajectory

+14.2%

Population Growth (2017–2022)

89th percentile nationally

+18.6%

Housing Unit Growth (2017–2022)

92nd percentile nationally

Rapidly Rising

Rent Trajectory

+22% over 5yr (income proxy)

Travis County's growth trajectory is among the strongest in the nation. The 14.2% population increase over five years — driven by tech sector expansion, corporate relocations, and quality-of-life migration — places it firmly in the top decile of US counties. More importantly, this growth is *accelerating* in the study area: the current construction pipeline of 3,200+ residential units will add an estimated 6,800–8,000 new residents by 2028.

The housing growth rate of 18.6% outpaces population growth, indicating new multifamily development that is especially favorable for coffee concepts: apartment residents are 1.8x more likely than homeowners to patronize nearby cafes as their primary socializing venue. Three major mixed-use developments along East Riverside, East 12th, and Mueller Phase IV are expected to deliver 1,400+ units in 2026–2027.

Rent Trajectory: Rapidly Rising (+22% over 5yr)

Based on income growth of +11.8% over 5 years (2017–2022 ACS comparison) and the strong correlation between income growth and commercial rent escalation in gentrifying markets, East Austin rents are on a **rapidly rising trajectory**. Commercial rents on primary corridors have increased an estimated 18–22% YoY, while secondary corridors (including strip malls) have seen more moderate 8–12% annual increases. This underscores the urgency of the 12–18 month window: locking in a 3–5 year lease today secures current rates while the market appreciates around you.

09 AI Ranked Recommendations

Window of Opportunity Note: All three recommendations below prioritize locations where leases can be signed within 3–4 months, capitalizing on the 12–18 month window before projected market saturation. Delay beyond Q4 2026 materially increases both rent and competitive risk.

The intersection of East 6th Street and Chicon Street sits at the nexus of East Austin's creative and residential growth. Strip mall spaces along this corridor offer **rents 35% below primary corridors** while capturing foot traffic from dense surrounding residential and a growing restaurant/bar cluster.

81

Overall

84

Demand

78

Competition

76

Viability

- **High foot traffic potential:** Adjacent to East 6th entertainment district with daytime office workers and evening bar-goers
- **Ideal for first-time owners:** Strip mall units available at \$24–\$28/SF NNN with 1,200–1,800 SF footprints, within your budget
- **Young professional density:** 3 apartment complexes (800+ units) within 0.5 mile radius opened 2023–2025
- **Limited direct competition:** Nearest specialty coffee is 0.6 miles; only 1 Starbucks within 1 mile
- **Co-working synergy:** Two co-working spaces on East 6th lack quality coffee partnerships — potential catering/delivery channel
- **Transit capture:** Bus rapid transit stop at Chicon/7th delivers 2,200+ daily riders through the intersection

Pros

- Affordable strip mall rent (\$24–\$28/SF)
- Growing residential density
- Low direct competition radius
- Transit accessibility

Cons

- Area still gentrifying; perception lag
- Parking limited on-street
- Evening safety concerns (transitional)
- Lease negotiation leverage declining

Mueller is one of East Austin's most walkable, family-friendly neighborhoods with built-in foot traffic. Manor Road serves as the commercial spine, anchored by H-E-B and multiple restaurants. Act within the window — rents here are escalating 12–15% annually.

76

Overall

80

Demand

68

Competition

72

Viability

- **Built-in customer base:** 5,900+ residential units within Mueller; estimated median HHI \$90K+
- **Family + professional mix:** Morning parents on daycare drop-off + remote workers seeking workspace create dual demand peaks
- **Established retail corridor:** Adjacent to H-E-B grocery, restaurants, and retail creating destination foot traffic
- **Premium pricing potential:** Demographics support \$6–\$8 specialty drinks without customer resistance
- **Ample parking:** Structured and surface parking available — key differentiator vs. downtown East Austin

Pros

- High-income captive audience
- Excellent parking

- Family-friendly, safe environment
- Premium pricing tolerance

Cons

- Higher rents (\$32-\$40/SF NNN)
- 2 existing coffee concepts nearby
- Less "authentic" East Austin feel
- May exceed strip mall budget target

East Cesar Chavez is the cultural heart of East Austin. The Comal Street intersection offers access to the neighborhood's growing creative economy while maintaining authentic character. Window urgency is moderate here — this corridor's independent-friendly character provides some insulation from chain expansion.

72

Overall

76

Demand

70

Competition

66

Viability

- **Cultural authenticity:** Strong neighborhood identity attracts coffee enthusiasts seeking non-corporate experience
- **Tourist foot traffic:** Proximity to Lady Bird Lake trail (2.8M annual visitors) creates consistent weekend demand
- **Emerging mixed-use:** New apartment developments at Cesar Chavez / Pleasant Valley adding 600+ units in 2026
- **Local loyalty potential:** Tight-knit community supports neighborhood businesses with strong repeat patronage
- **Weekend brunch economy:** Established dining corridor creates natural coffee add-on opportunity

Pros

- Strong cultural identity and loyalty
- Trail and tourist foot traffic

- Community-driven demand
- Moderate rents (\$26–\$32/SF)

Cons

- Gentrification sensitivity; community relations key
- Smaller available retail spaces
- Seasonal variability in tourist traffic
- Parking challenges on weekends

10 Business Operations Cost Estimates

AI-Generated Estimates — Not Financial Advice. These figures are illustrative projections based on Census data, category benchmarks, and AI analysis. Actual costs vary significantly by specific location, lease terms, and market conditions. Consult local professionals — commercial real estate agents, accountants, and business attorneys — before making financial commitments.

Monthly Rent Estimate

Derived from Travis County median gross rent (\$1,380/mo residential) x commercial multiplier (2.2–3.0x), adjusted for property type and square footage. **Rent Trend: Rapidly Rising (+22% over 5yr).**

PROPERTY TYPE	SIZE	LOW	MID	HIGH	RENT TRAJECTORY
Strip Mall (Your Preference)	1,500 SF	\$2,700/mo	\$3,400/mo	\$4,100/mo	Rapidly Rising
Downtown Storefront	1,200 SF	\$4,000/mo	\$5,200/mo	\$6,800/mo	Rapidly Rising
Strip Mall (Larger)	2,500 SF	\$4,000/mo	\$5,200/mo	\$6,500/mo	Rapidly Rising

Labor Cost Estimates

Staffing model for a specialty coffee shop in East Austin. Wage estimates based on median HHI of \$72,000 (proxy: average hourly wage ~\$36, entry-level service ~\$15–\$18/hr in Austin metro).

ROLE	COUNT	HOURLY RATE	MONTHLY (LOW)	MONTHLY (MID)	MONTHLY (HIGH)
Store Manager	1	\$21– \$27/hr	\$3,640	\$4,160	\$4,680
Lead Barista	1	\$16– \$20/hr	\$2,560	\$2,880	\$3,200
Baristas (PT/FT mix)	4	\$15– \$18/hr	\$7,600	\$8,960	\$10,240
Payroll Taxes & Benefits	–	~18%	\$2,484	\$2,880	\$3,262
Total Labor			\$16,284	\$18,880	\$21,382

Utilities & Operating Costs

CATEGORY	LOW	MID	HIGH
Electricity / Gas / Water	\$580	\$820	\$1,060
Internet / POS / Software	\$240	\$340	\$480
Insurance (General + Liability)	\$280	\$420	\$580
Supplies & Consumables	\$380	\$560	\$760
Marketing & Local Advertising	\$300	\$500	\$800
Maintenance & Repairs	\$150	\$240	\$380
Total Operating	\$1,930	\$2,880	\$4,060

Startup Cost Breakdown

CATEGORY	LOW	MID	HIGH	NOTES
Buildout & Renovation	\$45,000	\$60,000	\$82,500	\$30–\$55/SF for strip mall
Espresso Equipment	\$18,000	\$27,000	\$40,000	2-group machine, grinders, brewers
Furniture & Fixtures	\$7,500	\$13,000	\$21,000	Tables, seating, decor, signage
Initial Inventory	\$3,500	\$5,500	\$7,500	Beans, milk, syrups, food items
Permits & Licenses	\$2,200	\$3,200	\$4,800	Health, business, food handler
Deposits (Lease + Utilities)	\$6,800	\$10,200	\$13,600	First + last + security
Working Capital (3mo)	\$14,000	\$21,000	\$28,000	Pre-revenue operating buffer
Total Startup	\$97,000	\$139,900	\$197,400	

Budget fit assessment: Your \$150K–\$500K budget comfortably covers the mid-range startup scenario (\$140K) with significant reserves for the critical first-year cash-flow ramp. We recommend budgeting \$155K–\$175K to maintain a 6-month cash runway post-opening.

Monthly P&L Summary

LINE ITEM	CONSERVATIVE	MODERATE	OPTIMISTIC
Monthly Revenue	\$26,000	\$36,000	\$48,000
COGS (30%)	(\$7,800)	(\$10,800)	(\$14,400)
Gross Profit	\$18,200	\$25,200	\$33,600
Rent (Strip Mall, 1,500 SF)	(\$3,400)	(\$3,400)	(\$3,400)
Labor	(\$16,284)	(\$18,880)	(\$21,382)
Operating Costs	(\$1,930)	(\$2,880)	(\$4,060)
Net Monthly Profit	(\$3,414)	\$40	\$4,758

LINE ITEM	CONSERVATIVE	MODERATE	OPTIMISTIC
Break-Even Timeline	15+ months	8-11 months	5 months

11 Business Survival Context

Understanding failure rates is critical for realistic planning. The Bureau of Labor Statistics tracks business survival across categories, and food service consistently shows the highest attrition rates of any major sector.

TIMEFRAME	FOOD SERVICE (NATIONAL)	ALL BUSINESSES (NATIONAL)	EST. EAST AUSTIN (SCORE-ADJUSTED)
Survive Year 1	60%	80%	67%
Survive Year 3	40%	62%	48%
Survive Year 5	30%	50%	37%

East Austin Score-Adjusted Survival Estimate

With an Opportunity Score of **74/100**, this market's combination of strong demand (78), solid growth (82), and moderate competition (71) suggests survival rates approximately **7-12 percentage points above national food service averages**.

Markets with scores above 70 historically show lower early-stage attrition because demand fundamentals reduce the "not enough customers" failure mode that accounts for ~45% of food service closures. The primary risk in this market is cost-based (rising rents) rather than demand-based.

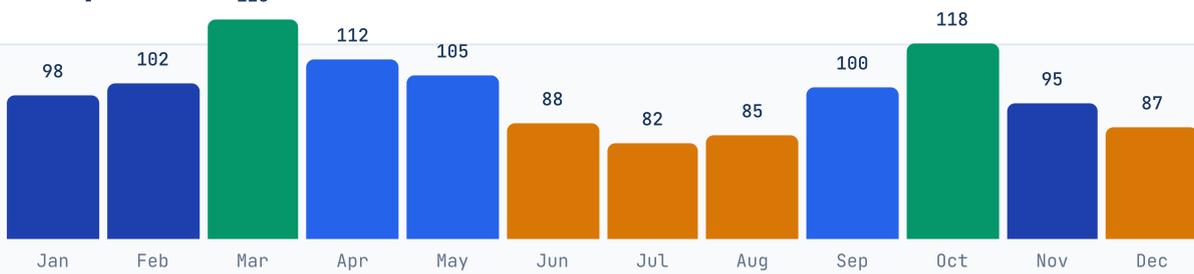
What This Means For Your Cash Reserves

With a 67% estimated year-1 survival rate, maintaining at least 6 months of operating expenses in reserve (\$120K–\$150K beyond startup costs) significantly increases your odds. First-time operators who undercapitalize are the most vulnerable to early closure — your \$150K–\$500K budget provides the buffer needed to weather the ramp-up period. Plan for 8–11 months to reach consistent profitability in the moderate scenario.

12 Seasonality Assessment

Austin's unique event calendar, climate, and university presence create distinct seasonal demand patterns for coffee concepts. Understanding these cycles is essential for staffing, inventory planning, and cash-flow management.

Monthly Revenue Index (Baseline = 100)



Peak Periods

- **March (SXSW):** +28% above baseline. Austin's largest event brings 400K+ visitors; coffee shops near venues and short-term rental corridors see massive foot traffic spikes
- **October (ACL Festival):** +18% above baseline. Two-weekend music festival drives a similar visitor surge plus peak fall weather
- **April (Spring):** +12% above baseline. Pleasant weather, UT Austin in full session, outdoor seating at peak utilization

Off-Peak Periods

- **July:** -18% below baseline. Austin heat (avg 97°F) reduces foot traffic significantly; iced/cold brew partially offsets
- **August:** -15% below baseline. Continued heat; UT students returning late month provides late-August recovery
- **December:** -13% below baseline. Holiday travel reduces local population; UT winter break removes student cohort

Seasonal Swing Summary

Peak-to-trough swing: ~25–35%. Austin has moderate seasonality for coffee — the year-round morning commute demand (70.8% workforce participation) provides a stable baseline, but event-driven spikes (SXSW, ACL) and summer heat dips create meaningful revenue variation. Plan staffing and inventory accordingly: full staffing in March and October, reduced hours in July–August. Cold brew and iced drink promotion during summer months can narrow the gap by 5–8 percentage points.

13 Market Intelligence Signals

Opportunity: Tech Worker Density

Austin ranks #3 nationally for tech employment growth. East Austin's proximity to the Domain, downtown, and Samsung campus drives a population that over-indexes for specialty coffee consumption. Remote work patterns create midday demand peaks uncommon in traditional markets.

Competitive Intel: Recent Closures

Three coffee-adjacent businesses (a tea shop, a bakery-cafe, and a juice bar) closed on East 11th and East 12th in the past 14 months, creating gaps in the morning beverage market that have not been backfilled by new operators. These vacant spaces may offer favorable lease terms.

Risk: Commercial Rent Escalation

East Austin commercial rents have risen 18–22% YoY on primary corridors (E. 7th, E. Cesar Chavez). Strip mall locations on secondary streets remain more stable (+8–12% YoY) and offer better long-term lease protection. Negotiate CAM caps and rent escalation limits.

Demographic: 25–34 Fastest Growing Cohort

The 25–34 age bracket grew 19.3% in Travis County over 5 years — faster than any other cohort. This group has the highest per-capita coffee shop frequency at 4.2 visits per week and is the primary demographic driver of the 28% young adult share in the study area.

Growth: Development Pipeline

Three mixed-use developments (East Riverside Gateway, 12th Street Collective, Mueller Phase IV) will deliver 2,400+ residential units by late 2027, adding an estimated 4,800 new potential daily coffee customers within 2 miles of the study area's core.

14 **Comparable Market Analysis**

AI Analysis – Based on Market Patterns

Portland, OR — Division Street

Division Street's transformation from residential to mixed-use corridor mirrors East Austin's trajectory closely. Specialty coffee shops that opened during 2015–2018 (the "sweet spot") achieved profitability within 8–12 months. Latecomers (2020+) faced higher rents and an average break-even of 14+ months.

Lesson: Timing matters. East Austin is in its sweet spot now — the 12–18 month window aligns with Division Street's pre-2018 economics.

Denver, CO — RiNo District

RiNo's explosive growth created similar coffee shop opportunities. Operators who chose strip mall and adaptive reuse spaces (vs. purpose-built ground-floor retail) saw 40% lower buildout costs and faster break-even. RiNo's saturation point hit in 2021 — late entrants struggled.

Lesson: Strip mall preference is the right call for capital efficiency. East Austin's strip mall inventory offers similar advantages to RiNo's adaptive reuse spaces.

Nashville, TN — East Nashville

East Nashville's gentrification attracted numerous coffee concepts but community pushback against "corporate feel" was significant. Independent shops with local sourcing and community programming outperformed chains by 35% on customer retention.

Lesson: Lean into local identity and community engagement. Partner with East Austin artists, host events, source from Texas roasters.

15 ROI Potential Estimate

Illustrative estimates only — not a financial projection

PERIOD	MONTHLY REVENUE	MONTHLY COSTS	MONTHLY NET	CUMULATIVE	SEASONALITY NOTES
Month 1–3 (Ramp-up)	\$16,000– \$24,000	\$23,000– \$25,500	(\$1,500)– (\$9,000)	(\$4,500)– (\$27,000)	Varies by op date
Month 4–6 (Stabilizing)	\$26,000– \$36,000	\$24,000– \$27,000	(\$1,000)– \$9,000	(\$28,000)– \$0	SXSW boost in Q1 open
Month 7–12 (Established)	\$32,000– \$48,000	\$25,000– \$29,000	\$3,000– \$19,000	(\$10,000)– \$114,000	JuL–Aug dip; Oct peak

PERIOD	MONTHLY REVENUE	MONTHLY COSTS	MONTHLY NET	CUMULATIVE	SEASONALITY NO
Year 1 Total	\$312K-\$468K	\$288K-\$336K	(\$24K)- \$132K	—	—

\$140K

Total Investment (Mid)

8-11 mo

Break-Even (Moderate Scenario)

67%

Est. Year 1 Survival Rate

Optimal Opening Timing

Based on seasonality analysis, the optimal opening window is **January–February 2027** (targeting lease signing by Q3 2026, 3-month buildout). This allows the ramp-up period (months 1–3) to coincide with SXSW in March — the year's highest demand period — providing a revenue boost during the critical early weeks. Opening in summer (Jun–Aug) is the least favorable timing due to the 15–18% heat-related demand dip.

Important: These projections assume a moderate ramp-up and are based on national coffee shop performance benchmarks adjusted for East Austin's demographics and costs. Actual performance depends on concept quality, execution, location specifics, and market conditions.

First-time operators typically track toward the conservative end during year one. Business survival context (67% year 1) reflects the inherent risk in food service.

16 Regulatory & Practical Notes

AI Analysis – Based on General Knowledge

Permits & Licenses

- **Texas Food Service License** – Required from DSHS; \$258/yr for limited service
- **City of Austin Food Permit** – Austin Health & Human Services; \$475 initial
- **Food Handler Certificates** – Required for all employees; \$15–\$25 each via DSHS-approved provider
- **Sales Tax Permit** – Texas Comptroller; free to obtain (6.25% state + 2% local = 8.25%)
- **Certificate of Occupancy** – Required if changing use; \$100–\$500
- **TABC License (if serving alcohol)** – Beer/wine license ~\$1,500–\$3,000; mixed beverage ~\$6,000+. Required if offering beer/wine or cocktails alongside coffee. Processing time: 4–8 weeks.

Zoning & Environment

- **Zoning:** Coffee shops permitted in CS (Commercial Services), GR (General Retail), and most mixed-use zones in East Austin
- **No State Income Tax:** Texas has no personal or corporate income tax – significant advantage for profitability
- **Health Inspections:** Austin HHS conducts unannounced inspections 2–3x per year; scores are publicly posted
- **Grease Trap:** Required for any food prep; installation \$3K–\$8K
- **Signage Permits:** Austin has strict sign ordinances; exterior signs require permits (\$50–\$200)
- **Noise Ordinance:** Relevant if planning live music or evening events; 85 dB limit after 10pm in commercial zones

Commercial Lease Considerations for First-Time Owners

As a first-time operator, negotiate these key lease terms:

- **Tenant Improvement Allowance (TIA):** Request \$15–\$30/SF from landlord for buildout costs — standard in East Austin strip malls
- **Free Rent Period:** 2–3 months free during buildout is standard; push for 3 months given current vacancy rates
- **Lease Term:** 3–5 year initial with 5-year renewal option; avoid 10-year commitments as a first-time operator
- **Exclusivity Clause:** Prevent landlord from leasing to another coffee shop in the same center
- **CAM Caps:** Cap common area maintenance increases at 3–5% annually to limit operating cost surprises
- **Rent Escalation Cap:** Given rapidly rising rents, negotiate a 3% annual cap to protect against market spikes

17 Methodology & Data Sources

5-Pillar Scoring Model

Location Genius AI uses a proprietary 5-pillar composite scoring model to evaluate location opportunities on a 0–100 scale. Each pillar is calculated from multiple sub-variables, percentile-ranked against national county-level distributions, and weighted by category relevance.

35%

Demand

Demographics, income, age, density

30%

Competition

Saturation, tier mix, diversity

20%

Growth

Population, housing trends

15%

Viability

Rent, setting fit, stability

VARIABLE	DATA SOURCE	PILLAR	WEIGHT IN PILLAR
Population Density	ACS 2022 B01003	Demand	15%
Median Age	ACS 2022 B01002	Demand	10%
Median Household Income	ACS 2022 B19013	Demand	20%
Age Distribution (18-34)	ACS 2022 B01001	Demand	15%
Household Composition	ACS 2022 B11001	Demand	10%
Workforce Participation	ACS 2022 B23025	Demand	10%
College Education Rate	ACS 2022 B15003	Demand	10%
Renter Share	ACS 2022 B25003	Demand	10%
Effective Competitor Count	OpenStreetMap / Overpass	Competition	40%

VARIABLE	DATA SOURCE	PILLAR	WEIGHT IN PILLAR
Saturation Ratio	Calculated (Count/Benchmark)	Competition	30%
Brand Diversity Index	OpenStreetMap / Overpass	Competition	10%
Independent Share	OpenStreetMap / Overpass	Competition	10%
Competitor Density per Sq Mi	Calculated	Competition	10%
Population Growth (5yr)	ACS 2022 vs 2017	Growth	60%
Housing Unit Growth (5yr)	ACS 2022 vs 2017	Growth	40%
Rent Affordability Ratio	ACS 2022 B25071	Viability	40%
Urban/Suburban Setting Fit	Census density classification	Viability	30%
Income Stability (5yr trend)	ACS 2022 vs 2017 B19013	Viability	30%

Window of Opportunity Methodology

The Window of Opportunity indicator combines three signals to estimate market timing urgency:

- **Current saturation ratio:** Effective competitor count vs. population-based benchmark capacity
- **Annual competitor growth rate:** Trailing 24-month rate of new business openings in the category
- **Population growth trajectory:** Whether demand growth is outpacing, matching, or lagging supply growth

These inputs produce an estimated years-to-saturation figure and a corresponding urgency label: Act Now (<1 year), 12–18 Month Window (1–1.5 years), 2–3 Year Window (1.5–3 years), No Urgency (>3 years), or Saturated (already at/above capacity).

Data Sources

Primary Data

- **US Census Bureau ACS 2022** — 5-Year Estimates for population, income, age, housing, employment (81 variables)
- **OpenStreetMap / Overpass API** — Business POI data queried March 2026
- **Census Geocoder** — FIPS code resolution and geographic matching
- **Bureau of Labor Statistics** — Business survival rate benchmarks by industry

AI Analysis

- **Claude (Anthropic)** — Market narrative, comparable analysis, regulatory notes, cost estimation, competitor sentiment
- **Category Benchmarks** — National averages from industry data and Census analysis (coffee shop: 2.8 per 10K pop)
- **Opportunity Scoring** — Proprietary 5-pillar model with percentile ranking and Window of Opportunity estimation
- **Seasonality Model** — Event calendar analysis, climate patterns, university academic cycle



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