



Volume 37, Number 27

September 25, 2015

Dear Client:

**The Austin metro area will pass the 2 million population mark within 90 days. Whoa! Hold on a minute. Who says? Look, just do the math. The Austin metro area is thisssss close to 2 million residents, according to the most recent USCensus report. The official Census tally for 2014, released last week: 1,943,299. When you count the babies born here, our metro population is growing an average of 165 residents a day.**

And that's where simple math comes into play. If the current rate of 165 residents-per-day growth continues, simply extend that through 2015. **Multiply 165-per-day times 365 days and you get 60,225.** Okay? Now. **Add that to the 2014 population of 1,943,299 and you get a total of 2,003,524 for 2015.** Simple. And, now the end of 2015 is just 90 days away.

Wipe your brow. Think about that. **You are on the verge of being surrounded by 2 million neighbors by year-end.** (No, they won't all be on the roadway with you at the same time – it will just feel like it.) And, Austin will now be in league with metros like San Antonio, Indianapolis, Kansas City, Orlando, Cincinnati and Portland with populations around 2 million.

In 2014, our metro growth was uneven. **While the entire metro grew by 3.2% over the previous year,** Austin's neighboring counties made a big impact on that percentage. Let's break it down county by county so you can see what we mean. **Travis County** grew by 2.69% (30,191 people) ... **Williamson County** grew by 3.87% (18,236 new residents) ... **Hays County** grew by a whopping 5.11% to rank #2 in the US (8,999 increase in residents) ... and **Bastrop County** grew by 2.96% (adding 2,244 to its population). **Caldwell County** was not included as the Census Bureau report was limited to counties with more than 65,000 residents.

Where did the four Austin metro counties rank nationally in growth percentage? As we mentioned a moment ago, **Hays County was #2** in the nation ... **Williamson County was #10** ... **Bastrop County, #23** ... and **Travis County ranked #42** in the US. And this was out of 814 US counties in the report.

At the risk of your eyes glazing over with too much number-crunching, bear with me for a brief perspective on the bigger picture. In last week's USCensus report, **Texas grew by 1.92%, tied for #2 with Washington DC** (insert your comment about government growth here). North Dakota grew the fastest, at 2.2%. **Overall, the entire US population grew by 0.86%.**

**With Austin's blazing population growth each day, are these newcomers finding jobs? If the newbies don't have incomes so they can buy goods and services and, yes, join the rest of us in paying local taxes, they can be a drag on our economy. For the time being, not to worry.**

Those “now hiring” signs are still slapped on many store fronts and the area unemployment rate is among the healthiest in the nation. **The most recent unemployment rate for the Austin area is at a level many economists consider “full employment.”**

**Austin's unemployment rate improved when it dropped to 3.2% in August.**

The state is bouncing around 4-something-% unemployment and the nation is around 5-something-%. The Austin area has consistently been absorbing a huge influx into its workforce for a long time now.

As always, when you drill a bit deeper there are ups-and-downs. For instance, last week the **Texas General Land Office cut more than a hundred jobs, putting a lot of state employees into the job-hunting market.** With the robust job-creation situation, it will be interesting to see if these state employees are quickly absorbed by other employers.

**If you've become accustomed to seeing office buildings under construction in downtown Austin, you may be a bit surprised by a news report out of San Antonio that referred to “the first downtown office development in three decades” in the Alamo City.**

The phrase was only part of a story about an internationally-recognized architectural firm selected to lead the design for **Cullen/Frost Bankers' Frost Tower** that is slated to begin construction late next year. **Pelli Clarke Pelli** has designed towers across the world including the International Finance Center in Hong Kong and the World Financial Center in New York. Is this significant investment really **“the first downtown office development in three decades” in San Antonio**, as reported September 16, 2015 by the *San Antonio Business Journal*? If so, it makes what is going on in downtown Austin all the more remarkable.

**Here's a heads-up for Austin area Realtors: watch out for patent trolls. And it's not just for Realtors. But the Texas Association of Realtors (TAR) is fighting back.**

Patent trolls are people or companies who buy vague patents and file suit against end users of common business technologies, like criteria-based property searches. **“It's a shakedown, plain and simple,”** said TAR. **“They're not really in it to take you to court or even win the lawsuit. They'd rather bully you into settling and writing a check for a couple thousand bucks so they go away.”** TAR says 839 lawsuits were filed in Texas between April and August, the most of any state in the nation. TAR suggests contacting Congress to urge passage of HR9.

**Housing bubble? Housing bubbles are bad. Remember the not-so-long-ago Real Estate Recession? Well, five of the 14 most-overvalued housing markets in the country are in Texas, according to CoreLogic. Of course, with Austin's soaring home prices, it is part of the five. A top Texas real estate economist acknowledges the price of homes is still rising. But he says this doesn't mean the Lone Star State is in a housing bubble.**

Even though there is no doubt the housing market is overheated, **for now you can ignore any scare stories about a housing bubble.** Yes, housing values are still soaring in the Austin area. For example, the Austin Board of Realtors revealed this week that the **median sales price for homes set a record in August when it went up 7.7% compared to a year ago.** And this trend has been ongoing for some time now.

**The housing bubble burst years ago and wracked the nation because of a myriad of reasons – many not present today.** Homeowners defaulted because they shouldn't have been given "liars loans" in the first place. It's tougher to get a mortgage now. Housing values went *down*, not *up* due to overbuilding. Etc.

The big difference today is demand. TexasA&M Real Estate Center's Chief Economist **Jim Gaines** says "**when you bring people and jobs, that creates a heavy increase in the demand for housing, rental and owned.**" And how! Austin is the epitome of job growth, people influx and housing demand.

**This adds up to a sellers' market, where homes usually sell within about 2% of their list price, often with multiple offers.** If there is more than six months of housing inventory, it becomes a buyers' market. (Inventory is defined as how long it takes to sell homes at the current sales pace.) **Austin has only 3 months of inventory – still a solidly sellers' market.**

While Houston is seeing an economic slowdown due to scaling back of the oil and gas business as a result of low prices for those commodities, Austin's population is still growing rapidly and new jobs are being filled. **But what about the future? What can you look for, especially as it impacts real estate?**

Austin is very attractive to the younger demographic. But the "attractiveness" is not limited to the young. There's an increase in the grey-haired crowd. "**Every day in America, 10,000 Baby Boomers turn 65 years old. That's a staggering fact,**" notes **Mary Scott Nabers**, Pres/CEO of Strategic Partnerships. "And it has ushered in a new housing market that gets stronger each day. **Housing experts say the senior housing market is exploding and will continue for decades.**"

Looking down the road a ways, **it's pretty easy to make the case that much of what has led to Austin's current economic position should continue for some time**, if regulations hold. Oh sure, there will be ebbs and flows. New dynamics will replace old dynamics. But back to our premise: **nothing now visible indicates a bursting housing bubble is around the corner.**

**Austin's Zilker Park has been called "Austin's Most Loved Park" because its 351-acre grassy expanse alongside downtown's Lady Bird Lake has been visited by more people than any other area park. So it is a good frame of reference for you to use when we tell you San Marcos is adding 700 acres adjacent to another park to create an 1800-acre urban park.**

We only mention Zilker as a measurement guide, because the massive San Marcos urban parkland will be fundamentally different from Zilker Park. The 1800-acre park will be used as a **conservation habitat that it is already being called "one of the largest urban preserves in the nation."** Quite a commentary when you realize San Marcos, while the county seat of Hays County, is not all that large a city.

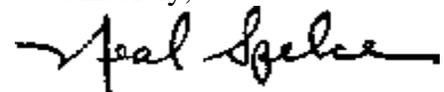
The property is located near the intersection of Old Ranch Road 12 and Wonder World Drive. **The habitat conservation preserve will be open to the public once policies are finalized and trails are created.** It is adjacent to a La Cima development. And La Cima is cooperating with local city, county and parkland officials as it develops its property.

By the way, Austin's Zilker Park will be "loved" (overrun?) by **tens of thousands of people over two upcoming weekends – October 2-4 and October 9-11.** It's the wildly popular Austin City Limits Fest, which will feature non-stop music on several stages both weekends.

In the "Didja Know?" category: the "crown jewel" of the Austin parks system was named for **Andrew Jackson Zilker**, an Austin businessman and banker, who came to Austin in 1876. **He donated some of his ranchland, which included what is now known as Barton Springs, in three separate gifts in 1918, 1923 and 1931.** It was named for Zilker in 1934. Zilker also operated one of Austin's first ice factories and served as a City Alderman.

A friend of **Dr. Louis Overholster's** was bragging about knowing the difference between a nerd and a geek: a nerd is more academically inclined than a geek, who is passionate about hobbies. So, the bored doc retorted with what you call people who know and care about this difference? A dork!

Sincerely,



Editor/Publisher