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Dear Client:

As you transition from air-conditioning to using electricity to generate heat, it's appropriate to examine some of the City of Austin claims about energy efficiency. We've reported regularly about how much your electric bills have increased, and how much the City is spending on more-expensive alternative energy sources such as wind and solar. Now, let's examine a key part of the equation, the City's big push and financial support to reduce consumption.

Even before it has the final fiscal year numbers, the City's Austin Energy (AE) enterprise is **bragging about exceeding its goal for energy efficiency** for the year. AE's preliminary numbers show that its energy efficiency programs during peak demand times have **saved enough electricity to power more than 12,700 average-size homes in Austin year-round.**

To illustrate how this works on commercial properties, AE points to the new 34-story JW Marriott hotel downtown, which is owned and was built by White Lodging. **The hotel installed \$1.6 million in energy efficiency measures that were higher in efficiency than required by City code.**

What kind of measures are we talking about? **Efficient lighting, guest room controllers, regenerative elevators** and other actions were taken by the JW. The savings in electricity usage generated by those actions are equivalent to powering 250 homes year-round. For this, the **JW received a \$198,487 rebate from AE.**

Almost \$4 million in rebates were also issued to small businesses and non-profit organizations. These 770 small businesses and non-profits installed energy efficiency measures that improved their bottom line. AE says the "savings" in electricity would power 1,200 homes year-round.

What about apartment units? **About \$2.6 million in rebates were provided to multifamily property owners** to add ceiling insulation, repair ductwork, install solar screens and perform other measures to make the units more efficient. AE said these efficiencies saved enough electricity to power more than 1,000 homes annually.

There are more examples, specifically for residences. Mayor Steve Adler noted that **"while Austin continues to grow and attract more people every year, our residents and businesses are using less energy."** And that, he says, helps address affordability in Austin.

You wouldn't know it by looking at the fast-paced sales of Austin area homes, but there is a group that is buying homes at a much *slower* rate than their parents and grandparents. And, this could have implications for the metro real estate market down the line – especially when (notice we didn't say "if") the red-hot residential real estate market cools. This group includes those born between 1980 and 1998. They're called millennials. Why is this happening?

If you've priced homes, you recognize **there are dollars to consider beyond the purchase price and down payment.** Texas real estate economist **Jim Gaines** says: **"As you know if you have ever bought a house, when you buy a house there other costs."**

Home buying is one of the Austin economy's biggest stimulators. People who buy homes buy all sorts of related goods and services. (Ever wonder why you see so many mattress and furniture ads? These ads all but dry up in a slow housing market.) And these related costs may make purchasing a home more difficult for millennials.

When you pay the rent, there generally aren't that many other bills to pay, Gaines notes. **"But when you pay a mortgage, you also have taxes, insurance, maintenance and upkeep, homeowner fees and the list goes on."**

There are other reasons as well. The new mortgage requirements that took effect after the housing bust of 2008 make it **harder for a young person to qualify for a mortgage.** Then there are some *psychological* restraints as well. Some millennials grew up with the **specter of the housing crash** and many saw family members or people they knew losing their homes.

Finally, millennials are also burdened by **far greater amounts of student loan debt** than their parents or grandparents. Sure, they are probably making more money earlier in their careers than did the older generations, but they have more financial burdens. As a result of these and other factors, **as a group they are not aggressively entering the homebuying market.** This bears watching, not only for those involved in Austin area real estate, but also for the impact on the overall Austin economy.

Some costs – not many -- are lower these days. Take gasoline. The low price you pay at the pump has been steady, and it's about half of what you had to pay in the past. So, it's cheaper to drive now. Jet fuel costs are also lower. So does this mean lower airfares? The CEO of the airline that carries the most Austin passengers had a candid answer to that question.

Southwest Airlines top guy **Gary Kelly** said **if you are hoping low jet fuel costs will push airfares lower, don't hold your breath.** C'mon Gary, why not? He said fuel prices will rise in the future and "I'm reluctant to take our customers through a roller coaster." Yeah, right.

Regular readers know we have carefully chronicled the importance of UT Austin's new Dell Medical School to the Austin economy. In many ways, its significance cannot be overstated. But what impact will this unique medical facility have on personal healthcare right here in River City? How will the health of the people in the Austin area be improved? Good question. Here are some specific answers.

A medical expert has been brought in to serve as DellMed's Executive Director of Healthcare Solutions. **Dr. Edward Bernacki talks about making Austin a model healthy city**; while training medical students and resident doctors, as well as students in other UT Austin schools such as Pharmacy, Nursing and Social Work. Some examples:

DellMed would be involved in expanding medical care at Austin area worksites. "Studies I have done indicate that the worksite is the **ideal venue to conduct wellness and preventive medical programming** to reduce the incidence of disease and better manage chronic diseases," Bernacki said.

He proposes partnering with pharmacies, supermarkets, shopping centers, etc. to offer onsite clinics. As he put it, this would **vastly increase access to medical care throughout Austin.**

Bernacki also is suggesting coming up with a **"more rational health care delivery system" for those locked up in local jails.** He would like to use advanced care practitioners and telemedicine to create care and screening programs that identify and control diseases as early as possible.

Bernacki is enthusiastic about using the City of Austin as a "medical laboratory" (my words, not his). **"Austin is one of the largest centers for innovation in technology and communications in the US,"** he said. "What better place to develop systems that will improve the dialogue between patients and practitioners, primary care practitioners and specialists – and to **test new models of care that leverage these improved communications to improve health?**"

Is this a little overblown? Not according to the Inaugural Dean of DellMed, **Dr. Clay Johnston, who said "we have the opportunity to transform health not just in Austin, but around the country."** He continued: "It's gratifying, exciting, and a little frightening to see that **observers nationwide are starting to take notice of what's happening in Austin.**"

In Dean Johnston's view, Austin is not simply a petri dish to see what can be grown. When he talks about approaching health, health care and academic medicine completely differently, in the same breath he talks about **"focusing first and foremost on the community that created us."** By the way, construction of the first buildings on the DellMed campus is moving along at a very fast clip. The school is expected to enroll its first students next year.

Need another indication that the whiz kids are influencing business operations – especially in the tech field? Remember when “Take Your *Daughters* to Work Day” was all the rage? Well, the new trend is a “Take Your *Parents* to Work Day.” It started small just a few years ago. Now it has expanded worldwide.

The online professional network **LinkedIn Corp** took the new idea to a whole 'nother level this year. **The objective was to do more than simply show off their work life to their parents.** (How many of the young Internet-tech types have had their parents turn to them and ask “Now, tell me again, just what *is* it you do?”)

Well, this is still the situation in many cases. But now, the young twerps are recognizing that their **parents may actually have something good to impart** – unlike their attitudes toward parental guidance when they were teenagers.

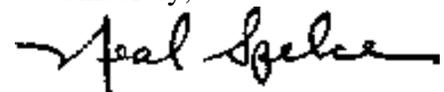
According to news reports, LinkedIn found – through its own research – that **parents may stop giving their children career advice way too early.** LinkedIn said it hopes its version of “Take Your Parents to Work Day” will help bridge the gap between professionals and their parents.

In fact, LinkedIn’s research found that, globally, **two-thirds of children wish their parents had offered guidance on a specific issue during their career.** Imagine that! Some teenagers grow up after all!

This year LinkedIn’s third annual observance of this event took place across 18 countries. And instead of the employees just taking their parents on a tour of their workplace (“This is my cubicle. See how neat it is. But don’t look at what Charlie over there has tacked to the wall of his cubicle.”), **the company staged classes, presentations and fun events that involved the parents.** Ah yes, the workworld is changing as we speak.

The cynic in **Dr. Louis Overholster** points out that being friends with co-workers is like having pet tigers – fun in theory, but you still wonder when they will turn on you!

Sincerely,



Editor/Publisher