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Dear Client:

Once again, a perspective is needed – especially for those who quickly read the headlines, and no more. We’re talking about the status of the unemployed in the Austin area. A local headline stated the jobless rate ticked higher. Yes, unemployment was a tad higher in January than in the preceding month, but that happens every year after the holiday seasonal hires are no longer needed. So, what’s the *real* story?

First of all, the overall Austin area unemployment picture is very positive – among the best anywhere. In other words, **nearly everybody who wants a job has a job in the 5-county Austin-Round Rock metro area. And this has been true true month-after-month as the job force increases.** They find jobs.

Austin recorded a very good 3.2% unemployment rate in January. It inched up from 3.0% the month before – a smaller increase than usual as seasonal jobs go away. But, significantly when you compare job apples-to-apples seasonally, it was better than 3.8% the same month the year before.

The Austin area’s 3.2% unemployment is vastly superior to the national 5.3% average. The state of Texas at 4.4% is also doing better than the US average. So, how do other Texas metros compare to Austin? Austin shines brighter. **Dallas-Fort Worth-Arlington was at 3.8% ... Houston-The Woodlands-Sugar Land, 4.8% ... San Antonio-New Braunfels metro, 3.7% ... El Paso, 4.9%.**

Okay, then, **are there other metros in the state that outperform Austin when you measure how well they are providing jobs for their residents?** Only one. And not by much. **The Amarillo metro area notched a 3.0% unemployment rate in January.** That’s it. Some other Texas metros are in the very good three-percentage-point range. The *worst* in the state is in the Lower Rio Grande Valley – the **McAllen-Edinburg-Mission** metro, on the border with Mexico, recorded an 8.1% January unemployment rate.

So why is Texas doing very well for the most part, even with the downturn in the oil and gas business? A number of reasons (that differ from metro to metro), but **Ruth Hughs**, the Texas Workforce Commissioner representing employers, says “**Texas is a state that continues to welcome new employers and work with our homegrown businesses**, offering them the tools they need to grow and succeed.”

Austin is being “invaded” this weekend by economic development outfits from cities around the US. They will be aggressively participating in the South By Southwest (SXSW) Interactive event. Their reps will try to convince SXSW intelligentsia that their markets are viable alternatives to Austin and other successful tech-driven cities. So, how about a comparison of the leading cities.

Let’s turn to a numbers cruncher to update you on 2015 performance and 2016 projections for tech-driven regional US economies. Civic Analytics principal **Brian Kelsey** of Austin put together comparison charts “in the spirit of promoting fair competition.”

His ranking of select metros by growth from 2014-2015: **San Jose, San Francisco, Raleigh, Portland, San Diego, Detroit, Boston, Austin, Seattle, Denver and Washington, DC.** Wait a minute. The Austin metro is not near the top. Here’s how Kelsey explains his charts.

“As expected, **San Jose and San Francisco are leading the pack of large and highly concentrated tech markets,**” Kelsey said. “Raleigh and Portland, with fewer than 100,000 tech employees get a bit of a boost here since we’ve used percentage growth to create the ranking, but impressive nonetheless.”

“**I’m a bit surprised Austin is not a few spots higher on the list, but 3.4% annual job growth is nothing to be ashamed of,**” he noted. (Comparative rankings: San Jose, 7.8%, San Francisco, 7.6%, Raleigh, 5.9% and Portland 4.5%.) In the main, Kelsey projects lower growth currently.

Here’s his projected growth for 2015-2016: San Jose, 1.4%, San Francisco 3.6%, Raleigh, 2.3% and Portland 1.2%. **He projects Austin at 2.4% job growth.**

“Austinites love to complain about how the city is turning into California,” Kelsey observed. “**For those of you in Austin worried about becoming the ‘next Silicon Valley,’ don’t fret. We have a really long way to go.**” Being a numbers cruncher he started spouting economic jargon. Let’s just focus on one comparison with San Jose.

He says tech makes up about half of San Jose’s Gross Domestic Product (GDP), and he further points out that total is nearly as large as Austin’s *entire* GDP. “Further,” he points out, “**Austin’s economy is much more diversified than Silicon Valley’s economy. Tech here makes up only 21% of the Austin GDP.**”

As you might expect, Kelsey explains how he arrives at the numbers in his charts on his website, www.civicanalytics.com. It is too detailed to list here. His conclusion: “My advice to the economic developers and PR professionals, especially from non-coastal markets, in town for SXSW marketing their cities: **print out a copy of these tables, add a column with average housing costs, and then make your pitch.**”

When competing against (or trying to emulate) Austin’s economic success, one fact is sometimes overlooked: Austin doesn’t operate as an island. Its performance is enhanced by being in the midst of a state that has long been a national leader noted for its “friendliness” to businesses and their employees.

This was recognized – again – by a national magazine whose sole focus is on economic development and job creation in the US. For the fourth year in a row and seventh since 2004, *Site Selection* presented its **Governor’s Cup this week to Texas Gov. Greg Abbott**. The award goes to the top performing state for capital investment and job creation.

The flamboyant billionaire Donald Trump is eyeing Texas, not just as a GOP-majority state, but as a place where he can make more money. He is planning to build a 5-star Trump Hotel in Dallas. But he has a long way to go to out-do the flamboyant billionaire Jerry Jones who is changing the game with another Dallas Cowboys complex in the Dallas area.

Trump is no slouch when it comes to building over-the-top luxury facilities such as office buildings, hotels and golf courses. So it is significant when he indicates he is scouting Dallas-area locations for a high-end hotel that would model the success of The Ritz-Carlton. But at the same time Trump is doing this, **Dallas Cowboys owner Jones unveiled this week a quarter-billion dollar development in addition to his billion-dollar football palace.**

Jones’ plans raise sports-related facilities to stratospheric heights. He dubbed this new multi-purpose complex *The Star*, after the football team’s logo, and it is being heralded as the **World Headquarters of the Dallas Cowboys. It will be located in the already-booming city of Frisco** (whose population is nearly five times what it was in 2000). And it sounds like a money-making machine.

The facility will have **two outdoor practice fields and a 12,000-seat indoor stadium**, which it will share with the Frisco school district. Also on the grounds will be a **Baylor Scott and White Health sports medicine and fitness center**. Oh, speaking of money-making, there will also be a “Cowboys Club,” where for a fee of up to \$4,500, fans can watch the team practice.

We’re not through. **Jones will build an upscale 16-story Omni Hotel and include space for retail shopping.** The deal is expected to bring in millions of dollars and tens of thousands of fans to the area.

The kicker to the financial side is this: **the City of Frisco will provide \$115 million of the total \$250 million cost.** (And Trump claims *he* is a great negotiator!). Size of the facility is 777,000 sf. See what we mean about this expansion of the Dallas Cowboys brand being a money-making machine.

You know those banners hanging from lampposts on Congress Avenue downtown? Ever wonder who can slap those banners up? And at what cost? Right now, the banners are touting South By Southwest (SXSW). But can a political candidate put a “vote for me” banner on a city lamppost? And what about an ad for Uber or Lyft? Or a concert?

The banners are becoming increasingly popular as a way to get a message or information to thousands of people daily. In fact, the city’s **Austin Transportation Department reports it installed more than 900 banners in 2015**. And, with increasing activity in downtown Austin that number is likely to rise.

So, can you pay a few bucks to get a message on a banner that is easily photographed with the State Capitol in the background? Depends. There *are* restrictions. **City code prohibits the use of banners for commercial advertising or political campaigns.**

Okay, how do you define commercial advertising? For instance, isn’t SXSW a profit-making commercial enterprise? And political *campaigns*? It’s easy to determine “vote for me” is a political campaign, but **what about a banner that reads “Open Carry of Guns Keeps you Safe” when there is no campaign involved?** Would that be allowed?

The city’s website offers wide latitude for considering eligibility: “event organizers, non-profit groups, public and governmental agencies, and public information campaigns may display Street Banners on City lampposts to promote charitable, educational, arts, community, and public interest activities and events.”

Customers provide the banners and the city installs and takes them down. A \$250 city fee covers staff services and necessary permits.

Dr. Louis Overholster touts a major medical benefit that accrues when you do things you are *not* supposed to do at work: “It makes your vision, hearing and alertness much better!”

Sincerely,



Editor/Publisher