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Dear Client:

An effort to create a congestion-proof method of transportation to connect one of the fastest-growing regions in Texas (a commuter rail line running between Georgetown and San Antonio, through Austin) appears to be on life support. After more than ten years of planning, the proposed rail line designed to help relieve congestion on IH35, has been hammered the past few weeks with setback after setback. Will a last-ditch effort save the ambitious, complicated, expensive proposal?

Right now, it doesn't look favorable for Lone Star Rail (L-Star). The big blow occurred when **Union Pacific (UP) railroad withdrew from years of negotiations** on the relocation of one of its freight lines – on a track that currently runs along MoPac/Loop 1. L-Star officials continue trying to resurrect the relationship but, so far, with no luck.

It's further complicated by the fact that UP is having its own financial problems -- cutting capital expansion and watching its stock price nosedive. That's not all. **Many of the governmental entities (cities, counties, etc.), that are part of the proposal, are withdrawing money and support** at a time L-Star is conducting an expensive Environmental Impact Study (EIS). Not a pretty picture.

Forward-thinkers will tell you the Austin/San Antonio regions will “grow together” in the not-too-distant future. (Click on the “Archives” button at the top and go to our 1/22/16 edition for more details on how Austin acronyms AUS and ATX could possibly morph into ASA to incorporate the Alamo City into a new mega-region.)

As crowded and as dangerous as IH35 is now, it will only get worse as movement up and down this corridor increases at the same time a tremendous growth surge continues. **L-Star is envisioned as part of a solution to this mobility problem.**

So what is L-Star doing in the face of the recent significant setbacks? In the face of growing skepticism will this commuter rail project ever become a reality? The leadership is plowing ahead, knowing fairly immediate deadlines place incredible pressure on them for a resolution.

It is moving ahead with the EIS and huddling with the involved governmental entities. It is also looking at **back-up options in case it cannot get UP to reconsider.** Stay tuned.

A prediction we made for you six months ago was officially confirmed this week (finally!). You are now living in the midst of a metro area with a population of more than 2 million people. No, we didn't have a special crystal ball. We simply put pencil to paper to calculate the rate of growth, and at that time made a prediction the USCensus Bureau validated this week. The Bureau further revealed some interesting details about the 5 counties in the metro.

Click on the Archives button at the top of the page and go to the September 25, 2015 edition for details on our forecast. As longtime readers know, **we strive to keep you ahead of the curve. This is a good example of that effort.** (Forgive us if toot our horn a bit as we near the end of our 37th year of weekly perspectives.) OK, enough tooting; let's share some interesting info.

This is official USCensus Bureau data for 2015. It is what goes into the record books. And it reveals that **the Austin-Round Rock metro grew at the fastest rate of any metro in the nation – for the 5th year in a row.** Austin was markedly greater than #2 Orlando (2.95% for Austin; 2.60% for Orlando). And #3 Raleigh's metro growth rate was 2.46%.

Reinforcing the fact that Texas is a major growth force, **four Texas metros are in the Top Ten US metros for population growth.** Houston metro's growth rate was 2.45%, to rank #4 ... **San Antonio** ranked #6 with a 2.2% one-year population increase ... and **Dallas-Ft. Worth** came in at #8 with a 2.08% growth rate.

Diving deeper into the stats, you find the growth rate throughout our 5-county metro differs greatly when you individually examine Travis, Williamson, Hays, Bastrop and Caldwell counties.

Williamson recorded a 19.2% growth rate for one year to 2015. **Travis** grew at a 14.2% population increase during the year. And, **Hays** trumped both of those major marks with a 23% growth rate. However, **Bastrop**, at 8.3%, and **Caldwell** at 6.3% had slower rates of population increase. When translating those percentages, you find this overall **metro area grew by almost 60,000 people.**

To give you a perspective, the **Austin-Round Rock metro area, while leading the nation in growth for years, is still only the 33rd largest metro in the US.** The Top Five, in order: New York City, Los Angeles, Chicago, Dallas-Ft. Worth and Houston. The NYC metro has more than 20 million residents, compared to Dallas-Ft. Worth's 7.10 million, Houston's 6.66 million and Austin's 2 million.

These new official growth figures underscore the significant need to find solutions to mobility issues impacting Austin and San Antonio -- like the one outlined in our previous story. **Remember these two metros share a common border -- Hays County (San Marcos) abuts Comal County (New Braunfels).** And Comal County has a tremendously fast growth rate, similar to Hays County. Communication and coordination are watchwords for the future.

It's the same song, umpteenth verse. Existing home sales in the Austin area during February continued beating the numbers from a year ago. And, yes, the median sales price also was higher. Oh yes, this is happening here while the comparable *national* numbers are falling.

What is the extent of this increase? **Austin area home sales increased a vigorous 2.9% while the median sales price jumped 8%**, according to the Austin Board of Realtors.

All of this is occurring because the supply of housing is lagging behind the demand. **It is still a seller's market, with buyers scrambling** and competing with each other for the right to buy a house that fits their needs. **No change is in sight.** Why? See the previous story about growth.

In the shadow of recent terrorist attacks, a \$100 billion US project is getting underway that, when completed, will create a nationwide communications network for first responders. And, Texas is in the midst of those trying to make happen what has been called "the largest federal government procurement in history."

It is called FirstNet, for First Responder Network Authority. It arose from a recommendation made by the 9/11 Commission. **Too often, in the middle of crises, communications networks are overloaded due to use by members of the public.** How often have you heard "we can't get through to find out about family members?" Communications systems are overloaded, even crashing, due to excessive use. **This is true during natural disasters such as hurricanes and wildfires, as well as during man-made crises such as terrorist attacks.** Texas has had its share of these disasters.

This high demand poses a serious problem because emergency responders are unable to share information with each other. **FirstNet is an effort to create communications "space" solely for the use of police, firefighters, emergency medical service providers and the like.** In 2012, Congress dedicated 20 megahertz (MHz) of the broadband spectrum to FirstNet.

It is a huge, complex undertaking. And it will likely involve major private sector telecommunications companies. **Congress appropriated \$6 billion to begin what will probably be a \$100 billion project. Texas is one of five pilot projects** working to create the dedicated network to be used by emergency response personnel without interference from the public's communications.

Timing? Responses to Request for Proposals are due May 13. And you can expect hot competition. Why? **The amount of broadband space for first responders is nowhere near the amount allocated by Congress. The winning bidder can use the excess capacity however it chooses.** It can sell the excess to generate revenue to repay the feds for the initial funding and the remaining revenue can flow to the company's bottom line. Kah-ching!

The highly-touted music scene in Austin is changing before your very eyes. Not overnight. But gradually. It is an important economic tool for the area. And it will continue to have a financial impact. But it is becoming a different animal. Two recent developments are illustrative of this movement in the “Live Music Capital of The World.”

The now-defunct Austin Aqua Festival’s live-music-oriented Fest Nights during the 1970s were a precursor to South by Southwest’s (SXSW) annual, multi-night festival featuring hundreds of bands that just concluded this month. **Change took place *then* and change is taking place *now*.** SXSW continues to morph, and the music portion is playing a diminishing role.

Indicative of cultural shifts caused by the vastly-expanding tech influence into everyday life, **SXSW Interactive has grown by leaps and bounds** – even focusing on tech’s impact on food, of all things. At the same time, **SXSW music portion this year did not have the “big name” impact of previous years.**

Well where is music in Austin going? Due in part to affordability problems for both clubs and musicians, **the music scene appears to be moving slowly away from the small venue clubs and bars of the past, toward thriving larger concert events.** Look at the Austin City Limits big-name music concerts that have expanded to spread over two weekends.

Just this week -- probably spotting this trend -- the staid (can you say opera and ballet?) **Long Center announced a new open air music venue on its grounds called the Statesman Skyline Theater.** Yes, “Statesman” means the *Austin American-Statesman* is partnering in the effort.

The new venue will be able to handle a capacity crowd of 7,000. Austin’s sky-piercing skyline and Lady Bird Lake are impressive backdrops. Big music names have already been booked. The concertgoers can use the Long Center’s air-conditioned indoor restrooms! Don’t get me wrong. All this is not a death-knell for Austin music. It is simply focusing on change.

Dr. Louis Overholster says he is not a musician because he isn’t noteworthy! (Groannn!)

Sincerely,



Editor/Publisher