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Dear Client:

**One of the worst-kept secrets about living in the Austin area is the rising cost of homes. It seems as if every residential real estate report that came out over the last few years highlighted higher-and-higher median sales prices for homes. The current numbers continue this trend. In fact, for the year through September, the median sales price was up 7% over the same time frame a year ago. But, wait. The September 2017 median sales price was down by 1.8% from the previous month, August. What's happening here?**

The population of the Austin area is still exploding. The pace of sales in the metro area continues to rise. The number of houses on the market (inventory) is still low. And, the dollar volume of sales is up. Let's drill a little deeper with the help of economist **Beverly Kerr**, the VP/Research for the Austin Chamber of Commerce.

First of all, let's examine whether Austin is an anomaly. Kerr points out the National Association of Realtors (NAR) crunches price data numbers every quarter for existing single family homes for about 180 US metros. Breaking it out to the 50 largest markets, it found **Austin was the 17th most expensive major metro in the last quarter and the last calendar year.**

But, the NAR numbers also showed that while Austin was in the Top Ten for price appreciation between 2014 and 2016, **over the last year, 36 major metros saw faster growth than Austin.** As an example, Austin's price growth was 4.4% to rank 37th. The highest, 16.5% was San Jose in California's Silicon Valley.

As you know, the decision makers at Amazon in Seattle are trying to decide where to locate the giant company's 2nd headquarters (it calls it Amazon HQ2). One of the factors they will use to select a site is the cost of housing. (Some Austin naysayers downgrade Austin's chances due to rising housing costs.) But, everything is relative. **Seattle has the nation's 2nd fastest home price growth during the past year – 13.4%. Austin looks pretty good by comparison, with its 4.4% and 37<sup>th</sup> rank.** Just another factor to weigh.

So it does appear, at least for the time being, **Austin's residential housing market is slowing a tad.** Kerr notes September's housing inventory was at 3.0 months (six months being an equal buying/selling benchmark). But up until this June, Austin had *less than three months* inventory on the market since November 2012. Yeah, slowing a bit. But still robust.

**You thought high-speed rail running from Oklahoma City to Dallas/Fort Worth to Austin to San Antonio and possibly on to Laredo and Monterrey, Mexico was just another study sitting on a shelf, gathering dust. Well, the Texas Department of Transportation (TxDOT) this week blew the dust off the report and is moving ahead to the next phase of a lengthy process.**

This is not to be confused with the *privately-financed* plan to build a bullet train, running through East Texas from the **Dallas-Fort Worth metroplex to the Houston metro area**. As we have reported over the past year or so, those private Dallas-based entrepreneurs held out the prospect that their project could ultimately involve Austin/San Antonio once the D/FW-Houston high speed rail effort got off the ground. So far, though, Austin/San Antonio is not part of the planning stage for this private effort.

**The Feds are financing the project TxDOT announced this week.** It crosses state, and possibly international boundaries, so the Feds are the logical instigators of this high speed effort. This \$7 million Passenger Rail Study covers an **850-mile corridor** broken into three segments: **Oklahoma City to Dallas-Fort Worth ... Dallas-Fort Worth to Austin and San Antonio ... and San Antonio through South Texas.**

What has happened so far? **The study determined passenger rail service offering speeds up to 220 mph between Dallas-Fort Worth to Austin then San Antonio is feasible.** It also determined passenger rail service from **San Antonio through Laredo to Monterrey, Mexico could be feasible.**

Hey, what about Oklahoma City? The study also revealed the possibility of having **passenger rail service up to 125 mph** from San Antonio to the Rio Grande Valley and **improved Amtrak-type service between Dallas-Fort Worth and Oklahoma City.**

The effort has been a couple of years getting to this point. Now what? **“The next step would be a project-level environmental study to determine actual routes and environmental impacts of the service before construction and start of service,”** TxDOT reported this week. **“At this point, a private developer could step forward to determine future project possibilities.”**

Texas Transportation Commissioner **Jeff Austin III** said “the advancement of this study is a positive step forward.” Austin, who is a young, highly-respected mover/shaker from East Texas, also said **“The study provides a foundation upon which the private sector, local stakeholders and our federal partners can consider opportunities to work together to potentially advance this project.”**

**Precise routes will be worked out in the next phase.** But, obviously, IH35 is the backbone of this route. Interesting observation: wonder why the TxDOT announcement never used the words **“bullet train”** or **“high speed rail,”** only focusing on **“220 miles per hour.”** Hmmmm.

**Speaking of transportation options, just think how much worse Austin area roadway congestion would be today if so many people did not work from home. The national average for work-from-homers is about 5% of the workforce. In Austin, almost twice that number – 9% -- telecommute. And this is more than any other major city in the US.**

Other metros that trail Austin, in order: **Denver ... Tampa-St. Pete ... San Diego ... Portland ... Sacramento ... Atlanta and Phoenix**, averaging about 7% telecommuters.

**Five years ago Austin voters – decisively – approved a 5-cent property tax increase to improve health care in Travis County. The vote was part of the effort that led to the creation of UT Austin’s Dell Medical School. This week, a long-time Austin physician weighed in on the impact. Dr. Guadalupe Zamora, who is now vice-chair of the Central Health Board of Managers, is understandably bullish on the success he sees daily.**

Speaking of that vote, Zamora said **“I am fortunate to see the impact that vote is having every day on people with low income in Travis County.”** And while the vote was tied to Dell Med School, he is focused on how *local healthcare* for the less advantaged has been improved.

**He starts with the fact more doctors are working locally:** “Today, 287 Dell Medical School residents – guided by world-class faculty – are working in local clinics and hospitals caring for people with low income.”

As far as improved women’s health services: **“Dell Med has redesigned pre-natal and postpartum care for women with low incomes and their babies.** Now, every mom who goes to a CommUnityCare clinic receives the highest standard of care, which includes an **examination from a physician and comprehensive ultrasound services, regardless of her ability to pay.** She also gets a vital post-delivery appointment – and nearly four-in-five patients are keeping those appointments.”

Dr. Zamora also points to a problem that affects many patients, not just those with an inability to pay – wait times. **“Thanks to Dell Med, we’ve cut wait times for specialty care from more than a year to less than a month.** This new model improved outcomes for patients while lowering costs for them and Central Health.”

“Dell Med and Central Health – with our partner Integral Care – are **changing the way our community cares for people with mental or behavioral health issues,**” he noted. “We are combining mental health care with primary and specialty care so these services are **better integrated and more accessible for people with low incomes who would have struggled with these issues in the past.**” As Dr. Zamora observed: “none of this would be possible without the support of Travis County voters five years ago.”

**The record-breaking number of travelers at Austin-Bergstrom International Airport continues to escalate. The September 2017 numbers were up 8% compared to September 2016, and the year-to-date passenger traffic is 10.5% over the year before. Airport expansion, to try to stay ahead of the growth curve, is continuing as we speak.**

**The Greater Austin Chamber of Commerce has long been an influential organization playing an outsized role in the Austin area's economic success. It is front-and-center these days in so many areas. But its importance is even more obvious these days, because it is the organization at the forefront of Austin's effort to attract Amazon HQ2 -- the huge economic development project that, if successful, can be a game-changer for Austin's economic future.**

As a result, its volunteer leadership is critical to its success. And right now, **12 new members are standing for election to its Board of Directors.** If no one else surfaces with a nomination petition signed by 25 members, the following will be elected to the board for 3-year terms:

**David Altounian**, St. Edward's University ... **Darrell Bazzell**, University of Texas at Austin ... **Jerry Davis**, Goodwill Central Texas ... **Joyce Durst**, Growth Acceleration Partners ... **Jay Fox**, Baylor, Scott & White Health ... **Susie Gray Biehle**, *Austin American-Statesman*.

Also, **Shelly Gretlein**, National Instruments ... **Kerry Hall**, Texas Capital Bank ... **Gerardo Interiano**, Google ... **Catherine Morse**, Samsung Austin Semiconductor ... **Eric Shapiro**, Luminex Corporation ... **Jason Winborn**, AT&T. If elected, these 12 candidates will serve three-year terms.

If there are no additional nominees submitted by 11.13.17, **these people who were selected by a nominating committee of the Chamber Board, will be deemed elected.**

**Dr. Louis Overholster's** biggest lie to himself: "I don't need to write it down. I'll remember it."

Sincerely,



Editor/Publisher