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Dear Client:

**Amazon, the powerhouse Seattle-based company, continues its quest for a second massive headquarters location dubbed Amazon HQ2. It hopes to settle on a site this year. The Austin area is one of 20 finalists that have made pitches for the economic development prize. Debates have erupted about how such a gigantic, 50,000-job enterprise can be absorbed into the local economy. Consider some arguments *against* HQ2's ultimate location.**

“Many residents fear that winning the prize would actually exacerbate all the things they hate about living in the region: **horrendous traffic, expensive housing, crowded schools and gentrification. The area consistently ranks near the top in surveys of the nation's worst traffic congestion. It has failed to keep up with the demand for low and moderate priced housing, a challenge that also concerns Amazon.**” Betcha thought these quotes printed in a national newspaper were about Austin. Nope. They refer to another “favorite” for HQ2 – the Washington DC region.

Make no mistake. The DC region is very much in the mix. **It would give Amazon an East Coast presence** to balance Seattle's West Coast location. With Amazon gobbling up more and more enterprises, **it will face more and more scrutiny by the US government**, and a local presence would be helpful.

Also, don't discount this: Amazon's CEO **Jeff Bezos** (generally considered the world's richest man) **owns the influential *Washington Post* newspaper** – which incidentally carried the DC quotes listed above. Oh, by-the-way, the DC area offered Amazon *nine* sites: four each in Northern Virginia and the District, and one in Montgomery. You see why some savvy analysts pick DC?

But, looking beyond DC and other highly competitive sites such as the Dallas area, we wanted to share this information with you to “point up a point” we like to make. **In almost any competition you can name, the winner is not “perfect.” It is the best of the rest.** And oft times, subjective factors (such as “I just simply like this one” when the competition is close) play into the decision. This is where handicappers fall short in predicting winners.

So where does all this stand as of now? Don't know. Amazon's lips are zipped, as they have been all along. **But an interesting development took place just this week in Seattle that upset Amazon.** Check the next item that might swing an intangible toward a Texas location.

**By most measures, Texas is a business-friendly state and has been recognized as such nationally time and time again. A long line of Texas governors have proudly proclaimed this, as have area economic development devotees. So, when a new, rare business-directed tax was levied this week in Seattle that impacted their home-grown business successes such as Amazon and Starbucks, it got wide notice. The tax: \$275 per fulltime employee.**

And that was a compromise. Seattle's City Council started out proposing \$500 per employee to be paid directly to the city. Amazon strongly opposed the tax. A spokesman said this week Amazon is **“very apprehensive about the future created by the Council's hostile approach and rhetoric toward larger business, which forces us to question our growth here.”** (C'mon Seattle, recite again the old goose/golden egg fable.)

Whoa. What caused this turn of events? It has been simmering for some time. Certain political leaders in Seattle have blamed companies such as Amazon for **homelessness and rising housing costs, making housing less affordable.** They charge that **high salaries paid by bigger companies, tech and e-commerce in particular, pushed up home prices.** So this new tax revenue – estimated at \$237.1 million over five years -- will be used by Seattle to fund affordable housing and services for the homeless.

When you compare Seattle's tax philosophy to that of Texas – no personal income tax, etc. – the execs who will select a location for HQ2 can put another positive check mark alongside Texas locations. **Yeah, but what if left-leaning City of Austin leaders decide to follow Seattle's example? Not to worry, the Texas Legislature will likely step in** – much as it is expected to do when Austin voted to mandate sick leave pay for local businesses.

**The hot housing market in the 5-county Austin metro is showing no signs of slowing. Prices are higher. Sales are the highest they've ever been at this time of year. Homes are being sold almost as fast as they come on the market. This is true across most price points, but especially in the lower price ranges. Counties outside Austin are also feeling the burn.**

The numbers are not equal around the area, but the *demand* is comparable. Prices are lower outside Austin's city limits, but the effect is the same. **If a buyer finds a house they like – and can afford – they better move quickly.** Some quick examples:

The median home price **within the city of Austin** in April jumped 9.3% over last year to hit \$390,000. In **Travis County** (outside Austin's city limits) it was \$380,143 (up 7.1%). In **Williamson County**, the median home price was \$285,000 (up 3.6%).

**Home sales are growing faster than new listings.** As a result, fewer homes are available, so it remains – by far – **a seller's market.**

**It was revealed Thursday that Indeed, the world's #1 job site, is planning a major – and major is underscored – expansion of its Austin operations as a global technical hub. The *Austin American-Statesman* exclusively reported Indeed “is launching a new wave of growth that could add as many as 3,000 new jobs in Austin over the next several years.” The article quoted a commercial real estate pro calling it “a milestone in its size and commitment to Austin – right up there with Apple and Oracle.”**

Indeed's president, **Chris Hyams**, told the newspaper the company will be hiring in all areas. What is meant by “all?” Indeed has about 1,600 employees already in Austin in the finance, legal, sales, marketing, corporate development, client success and human resources fields. To handle this surge in expansion, Indeed has **leased an entire 11-story office building in the Domain in north Austin, and will take the top ten floors in a new downtown building under construction at West 6<sup>th</sup> and Colorado.**

Those *two* locations join what may be a wave of the future for large employee companies. And, it is a **reaction to Austin's much-cussed roadway congestion.** “Hyams said the decision on where in Austin to expand was made with mobility issues in mind. **Indeed employees will be able to choose a work location based on what works best for them,**” Hyams told the *Statesman*.

“We believe that spreading things out over multiple locations is partially a **way to help ease some of the traffic and commute time**, both for our employees and also for the city as a whole,” he continued.

Avison Young's **Mike Kennedy** told *Statesman* reporters **Lori Hawkins** and **Shonda Novak** that Indeed is following HomeAway, Facebook and Apple in their **multi-office strategy to accommodate employees' varied commuting, housing and other preferences.**

Bingo! This is what we mean by a “wave of the future” to adapt to Austin's negatives. By doing so, companies can still take advantage of the many benefits of an Austin location, not the least of which is what Hyams identified as “**an incredibly strong and diverse talent pool, and it continues to be a really attractive place for people from all over to come to and move to.**” (Amazon HQ2 – are you paying attention?)

Indeed is an Internet job search company. You may have seen their ads on TV. **It is worldwide in scope – with a presence in 60 countries, utilizing 28 languages.** So how does Indeed arrive at this job site dominance?

First of all, it is an aggregator. **It compiles info from thousands of job boards, newspapers, websites, company career pages, even trade associations.** And Indeed says more than 200 million people visit Indeed each month to search for jobs or post resumes.

**As you maneuver through congestion on Austin area roadways, do you fight the boredom by checking the license plates of those in front of you? Especially, the personalized plates where drivers fork over extra bucks for a message. Such as HOOK EM, or GIG EM, or BOOMER for the husband and SOONER for the wife. Or GR8GAL or GR8GUY. But what about those that were turned down? Just last year in Texas, 2,200 requests were rejected. Here are some examples of dismissed personalized requests.**

The Texas Department of Motor Vehicles (DMV) is the state agency that approves personalized license plates. As you might expect, the DMV has guidelines and restrictions. First of all the words/letters/numbers must fit a very small space. **Political messages are frowned upon.** As are misleading plates that might proclaim you are some kind of official. **And don't try to slip something naughty by the "plate police."**

For instance, the *Fort Worth Star-Telegram* asked a reporter to sift through the personalized plates that did not pass muster. **Political plates that were turned down in 2017 included** NOBAMA and NOTRUMP. Another plate that was deemed objectionable was CNNSUX.

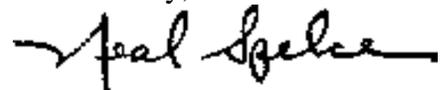
The "plate police" said no to GOTWEED. Also this one didn't make it: IPASGAS. It would be interesting to know who didn't get PORNSTR (don't think **Stormy Daniels** lives in Texas). Also you can't impersonate an official so the request for DAMAYOR was rejected.

The DMV didn't let one owner label his vehicle FARTCAN. The "plate police" didn't know if EXSTACY was drug-related so it was turned down. Also don't know why anyone would want LUN4TIC, but it was rejected anyway.

The cost for the vanity plates: **\$150/year** for six letters or **\$195/year** for a 7<sup>th</sup> letter. (If you wanna make a statement on your car, bumper stickers are cheaper and there are no censors.)

**Dr. Louis Overholster** sometimes gets road rage pushing his cart behind people in Costco!

Sincerely,



Editor/Publisher