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Dear Client:

As 2018 winds down, it's time to look ahead to what can be expected in 2019 (especially since this is our final 2018 issue, as we take our traditional year-end 2-week hiatus). In no particular order, let's hit as many issues as we can cram into this week's newsletter. First, as you plan your 2019 travel, here's what you can expect at Austin's airport.

Frequent flyers know record-breaking passenger traffic has crowded the corridors, security lines and parking at Austin-Bergstrom International Airport (ABIA) this year. **It is averaging a huge 15.1% increase over last year, with no additional airport capacity.** Hang on. Help is on the way. And sooner, rather than later.

Nine new gates are nearing completion. They should be quite impressive. They will open in phases in the next year. **The north facing gates are on track to open in the spring of 2019.** This is none too soon. But final construction will continue on new restaurant space, concessions and for an area ABIA calls the patio. All this and the south facing gates are set to open by fall of 2019.

Important, but not as sexy, the remodeling and modernization of 13 vestibules is entering into the final construction phase. **Vestibules are the automatic sliding glass entrances and exits.** They will be enlarged to allow more space to enter and exit the terminal with luggage, while controlling drafts and the loss of cooled air.

In 2019, look for a continued major increase in passenger traffic. But, by the end of the year, **the new construction should alleviate some of the hassle as you travel through ABIA.**

A key driver of Austin's 2018 economy has been the creation of jobs. In fact, as we have reported, the creation of the number of jobs in the Austin area in 2018 is the second fastest rate in the nation.

And at the same time, the percentage of unemployed in the Austin area is among the tops in the nation at below 3%. **Economists will tell you this is "full" employment.** The *private* sector employers show no sign of an immediate slowdown, and the *public* sector should stay strong as the January session of the Texas Legislature will likely adopt a bigger state agency budget.

The Austin area's economy in 2019 took an unexpected, positive, giant leap forward in the early morning hours this Thursday, when one of the world's biggest and most important tech companies announced it will invest a billion – with a “b” – dollars in the area. Apple will start site preparation in 2019 for a 133-acre campus in Williamson County that will house 5,000 employees, and could ultimately grow to 15,000.

Economically, this is BIG, spelled with capital letters. **The Austin area is already home to the largest concentration of Apple jobs outside of its home in Cupertino, CA.** The Austin announcement made national news. At the same time, Apple said it was also establishing new sites in Seattle, San Diego and Culver City, and expanding in cities across the US including Pittsburgh, New York and Boulder over the next three years. **But, the US expansion pales in comparison to what Apple is planning in the Austin area.** (Do you call this Apple HQ2?)

Sure, the Austin area numbers are impressive and even a bit mind-boggling. But it's more than that. It is what this signifies for the Austin area and its future economic success. Governor **Greg Abbott** put it this way: **“This truly elevates Austin as one of the premier technology hubs in the entire world.”**

More tech firms and top talent will be attracted to the area. **Even UTAustin will gain immeasurably.** Top jobs will be available to UT grads. **UTAustin will also be able to attract leading faculty.** Related research will expand exponentially.

We could go on and on. However, there's another aspect to this that is interesting. **You'll note we keep referring to the Austin area.** Of course, our 5-county metro area is integrated economically. This is the purpose of designating metro areas. **But, the entirety of the new Apple campus is in Williamson County, adjacent to the Travis County line.**

This means the Travis County Commissioners Court and the Austin City Council (both left-leaning governmental bodies, unlike those in Williamson County) have no jurisdiction over the new Apple campus. Something to ponder. Apple's current campus and Apple's entire building at Loop360 and Bee Cave Rd are not in Williamson County. So this does not apply to them.

Sure, you can claim Austin is Apple's second most important location in the US. **But, it is Williamson County that stands to gain a huge economic benefit from Thursday's announcement,** not the City of Austin or Travis County.

Those who have been in this area for a while may liken this site selection to what happened with Dell years ago. The circumstances are very different. Dell was considering several sites. Austin would not agree to Dell's request for incentives/revenue sharing. So Dell located in Williamson County's Round Rock, which agreed to incentives/revenue. **Round Rock's economy has thrived as a result of the site selection.** Be that as it may, Apple's action bodes well for the area's economy for next year – and beyond.

One look-ahead to 2019 is as certain as the sun rising in the east: you'll hear a lot about Beto O'Rourke as a possible Democratic Party nominee for president. And, to a lesser extent, another Texan, Julian Castro, will also creep into the political speculation.

O'Rourke is already generating **big-time buzz, way out of proportion to his lame-duck status as an El Paso Congressman who just lost a statewide election.** Consider these most recent developments surrounding his possible presidential bid:

First a correction. We reported last week it was estimated he raised an astounding \$70 million for the USSenate race he lost. And, then, just after our deadline, **he officially reported raising a record-breaking, eye-popping \$80.4 million.**

The liberal public policy group, MoveOn.org, released an online straw poll that showed **O'Rourke leading a wide-open field with 15.6%.** The others: **Joe Biden, 15% ... Bernie Sanders, 13.2% ... Kamala Harris, 10% ... Elizabeth Warren, 6.4%.**

You want more recent activity. O'Rourke met personally with **Barack Obama** who had kind words to say about him, and he separately talked with black leader **Al Sharpton** about a personal meeting with him later.

In a sign of the changing campaign times, the *Washington Post* reported O'Rourke spoke at a town hall meeting where 120 people showed up. He then went home to live-stream himself cooking a chicken dinner with his wife, daughter and their pet snake Monty. **That 45-minute broadcast attracted 257,000 views on Facebook – along with more than 12,400 comments.**

The other Texas democrat took an official step toward becoming an official candidate (something O'Rourke has not yet done). **Julian Castro announced the formation of a presidential exploratory committee.** Looking ahead to next year, he said he will formally reveal his presidential campaign plans January 12, 2019.

Castro is a former mayor of San Antonio and President Obama appointed him to his cabinet. Since then he has visited the early primary states of **Iowa and New Hampshire** and even published his autobiography called *An Unlikely Journey: Waking up from My American Dream.*

And he scheduled an appearance on “The Late Show with Stephen Colbert” alongside his twin brother, San Antonio Congressman, **Joaquin Castro.** (Julian, by the way, pronounces his name “hoo-lee-AHN.”) Julian Castro is not being coy about his ambitions.

With these two Texans making waves in an overcrowded race for the Democratic Party's presidential nomination, you can bet **they will be raising money in Texas in 2019.**

Winter weather or wacky weather – or both? Didja notice that a few weeks ago, parts of West and North Texas were blanketed with snow? A lotta snow. Lubbock, for instance, recorded a near record-breaking ten inches (remember, winter doesn't officially start until 12.21.18).

How rare was this? The National Weather Service says Lubbock has received more snowfall this year than Detroit, Anchorage, Denver, Milwaukee, Salt Lake City and Minneapolis.

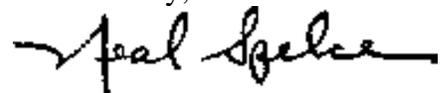
Don't know if you saw this holiday story out of Cleburne, which is just south of Fort Worth. A man protested with two others outside a Cleburne church that was hosting a Breakfast with Santa event. They yelled at the adults and children entering the church that Santa wasn't real. What happened?

When police arrived and the other two protestors left, **Aaron Urbanski**, 31, “continued causing a disturbance” according to the police. So, he was arrested. The Cleburne mayor, **Scott Cain**, wrote in a Facebook post: “**Don't mess with Santa.** While I understand folks right to protest, Cleburne loves Santa and those protestors who were naughty and broke the law when they trespassed were arrested promptly. **Guess they wanted coal in their stockings to go with a court appearance.**”

Spoiler Alert: Puns eliciting groans to follow. **Dr. Louis Overholster** says the best Christmas present is a broken drum -- because you can't beat it! (You were forewarned.) Also, it is best to avoid Dr. Overholster at holiday parties because he won't let up – such as resurrecting one of the lowest forms of humor, the knock-knock joke. He could hit you with this one: “Knock knock. Who's there? Hannah. Hannah who? Hannah partridge in a pear tree!”

It may take a couple of weeks to recover from these bad puns. In that vein, this newsletter will do as it has done every year since 1979 – take a two-week holiday hiatus. Your next issue will carry the publication date of January 4, 2019. We hope the holidays and the New Year will be all you wish for them to be. See ya in 2019.

Sincerely,



Editor/Publisher