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Dear Client:

**Could this be a warning signal? One of the largest apartment builders in Dallas is canceling almost \$500 million worth of planned projects in Big D, saying it is worried about the rental market there and in other bellwether cities such as Phoenix and Charlotte, NC.** Atlanta-based Post Properties, which has projects in Austin, is publicly expressing concern about a downturn in the near future.

If there is a downturn looming in Austin, it is certainly not visible in the most recent apartment data. And, in fact, Post Properties has given no indication it sees problems here. For instance, Post is going ahead with the 239-unit West Avenue Lofts downtown and is moving forward with plans for 800 units in the Triangle area bounded by Lamar Boulevard, 45<sup>th</sup> Street and Guadalupe St., according to **Robin Davis**, owner of Austin Investor Interests (AII).

AII numbers just in for the first three quarters of this year show apartment occupancy in the Austin area is a **tick-tight 97.5%**. And, rental rates continue to reflect that demand — rising from .95-cents/sq.ft. in Quarter2 to .98-cents/sq.ft. in Quarter3. Put it another way: **the average monthly rental rate went from \$756 to \$781 in just 90 days.** This is not indicative of a weak apartment market.

Further, when you look at Dallas, there are reports apartment owners are offering up to three months free rent to attract renters. “We’re not seeing anything like that here,” Davis told us.

Apartment owners and developers have a lot of projects in the pipeline for the Austin area. AII reports there are **14,000 units actually under construction** as we begin the fourth quarter. And, there are an additional 11,000 units either permitted or moving along at some phase in the construction permit process. Austin Investor Interests is forecasting 12,000 apartment units will be available for occupancy in 2001.

Could this be a future problem? Possibly. But once again, Davis tells us **new construction projects are doing very well.** She points to the fact that Class A projects (the newest and best apartments) were running a 96.6% occupancy at the end of the third quarter.

Still it would be wise to **keep an eye on Dallas.** Remember back in the mid-1980s, Houston was hit by a recession long before Austin was hammered. We’ll keep watching it for you.

**In this tight job market where employees can jump jobs easily – and usually for more compensation – it pays to keep your workers happy. Here’s what employees are saying is most important to them (and it’s not just pay).**

The two most important criteria for employees to remain with their current employer are **challenging work** and the ability to **balance work and family**. These two criteria are almost equal, with challenging work being listed by 25% and the ability to balance work and family named by 24%, among those surveyed by Fortune Personnel Consultants.

This isn’t to say money’s not important. It is. It was named by 17% as the most important reason why employees stayed so long with one company. But it still ranked third in the survey. The survey gathered data from 631 employees at small and big companies alike. Surprisingly, 49% of those surveyed stayed at their current jobs for at least 10 years.

Nowadays, it seems like employee loyalty is a thing of the past. **Michael Dell** has seen his share of employees who’ve moved on to other enterprises. And, he warns many of those jumping to the next job that may promise bigger bucks are “day trading with their futures.”

**If you’ve changed jobs over recent years, moving from state to state in the process, you may have left some money behind. Here’s where to look for it – for free.** Banks, among others, are required to turn over forgotten bank accounts, safe deposit box contents, etc., to the state where the bank is located if the account is inactive for a certain period of time. Here in Texas, the State Comptroller’s office keeps a list of unclaimed property in its database.

Other states are not only doing the same, but more than two dozen have banded together and have put their databases directly onto a free website [www.MissingMoney.com](http://www.MissingMoney.com). The website is a public-private partnership that makes its money off ad sales. Just click on the site to see if you have any unclaimed property in the states that are participating.

Even if the state (or states) you want to check out are not yet participating – and Texas is not – the site provides a **link to the non-participating state’s database** to make it easy to check out all the states in which you or your relatives may have property sitting there unclaimed.

**The five Texas trial lawyers who pulled down the big bucks when Texas won its lawsuit against the tobacco companies are now contributing substantial sums to Political Action Committees – only a surface examination might not reveal that fact.** That’s because their money was not funneled into the trial lawyer PAC. Instead **Walter Umphrey, Wayne Reaud, Harold Nix** and **John Eddie Williams** gave \$250,000 each to the innocuously-named Texas 2000 PAC and joined with **John O’Quinn** to give \$100,000 each to the Constitutional Defense Fund.

**Trial lawyer money is figuring in the local legislative race between Republican Jill Warren and Democrat Ann Kitchen.** The contest for House of Representatives District #48 could be one of the most interesting local races in Travis County, though only those who live in the western part of Austin will get a chance to vote for either of the two candidates.

Texans for Lawsuit Reform, a group that has been battling the trial lawyers in the legislative halls for years, endorsed Warren. Kitchen received campaign contributions from the Texas Trial Lawyers Association. So the line in the sand has been drawn there.

But, this isn't the most interesting aspect of a race that has a number of interesting facets to it. There is **no incumbent**. Both Warren and Kitchen won contested primaries, so they're **campaign tested**. Kitchen has the best slogan – "Put a Kitchen in the House," but Warren seems to be getting more signs posted.

More importantly, the district itself is truly a **swing district** with substantial numbers of both Democrats and Republicans registered to vote. Moreover, both parties strongly back their candidates

Keep an eye on this contest. It likely will turn toward the candidate who is the most successful in turning out her supporters, rather than relying on winning over the "undecideds."

**The battle between Houston and Los Angeles over which is the most polluted city in the US is interesting to watch from afar – but the proximity of Houston to Austin raises real concerns about the Austin area's air quality.**

Houston's got real problems as a result of its polluted air. If you've paid attention, and you really need to, the city right now is in the process of instituting some strict requirements on those who live and work in the Bayou City, because if it doesn't lower its pollution levels, the city will **lose all federal highway funds**.

This has consequence for the Austin area, because the prevailing winds here in Central Texas come from the southeast off the Gulf of Mexico, over the Houston area into Austin – carrying loads of air pollutants picked up over Houston. That, in addition to problems we have here, drives up our pollution index close to dropping below the national health standard. **We're getting inundated by Houston's pollution.**

Houston and seven surrounding counties are now considering reducing highway speed limits, cutting back use of heavy machinery in construction, mandating the use of cleaner-burning (and more expensive) fuels, limiting idling time of large trucks to five minutes, designating when homeowners can use gas-powered lawn-mowing equipment, etc. **This could be on Austin's horizon** if Houston doesn't clean up its act and we don't keep an eye on what we can control.

It's that time of year again when publications such as this one are required by the Feds to print certain information about circulation and ownership. This relates to our Periodical Mailing Permit, formerly known as the Second Class Mailing Permit. This is important to you because it gives a "preferred" status to newspapers/newsletters in order to hopefully ensure timely delivery.

Traditionally, we've taken this opportunity to tell you a bit about how we operate. First of all, we're pleased that most of our subscribers are now getting the newsletter, for the same price, on our website, [www.AustinLetter.com](http://www.AustinLetter.com). We notify web subscribers each Friday by e-mail that the current edition has been posted on the web. At the same time, the print edition goes into the mail.

I am the sole owner of Austin Letter, Inc., and I serve as editor and publisher. If you have questions or comments about subscriptions, you may contact us by phone at 512-498-9495, by fax at 512-327-1976 or by e-mail at [News@AustinLetter.com](mailto:News@AustinLetter.com). Our mailing address is P.O. Box 1905, Austin, 78767-1905. Except for the last two weeks of the year, we publish weekly at an annual subscription rate of \$150 (plus tax), or at the discounted 2-year rate of \$249 (plus tax). We have not raised our price since 1987.

During the preceding 12 months, now that most subscribers get their newsletter on-line, we only printed an average of 353 copies of each issue. We had an average of 303 paid mail subscribers, with 14 distributed free, for a total distribution of 317, of which 96% was paid circulation. We held 36 copies for office use. Our report to the US Postal Service this year included actual figures for our 9/29/00 issue, when we printed 250 copies, of which 213 were paid mail subscribers and 12 were distributed free, for a total of 225. Ninety-five percent of the 9/29/00 issue's circulation was to paid subscribers and we held 25 copies for office use.

We're especially proud that during our 21 years of publishing this Letter, we've never missed a Friday deadline. Occasionally, the Post Office may not get your mail processed on a timely basis, but they do try very hard to make sure your copy is delivered to you on schedule. If you're not receiving your printed copy by Tuesday of each week, we'd like to know.

If at any time, from anywhere you travel, you would like to access the current newsletter each Friday, we would encourage you to switch to an Internet subscription. Obviously, there's no additional charge. Finally, let me say how pleased we are to have you as a subscriber.

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Sincerely



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