

THE

*Real Estate*

# AUSTIN LETTER

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Dear Client:

**Slowly, but surely, Austin area residents are changing their buying, dining and traveling habits. And it's a trend that will accelerate, rather than level off or slow down anytime soon.** You hear it every day – the complaints about how hard it is to get anywhere in Austin because of the traffic and non traffic-related delays, such as construction.

Those from other areas, such as transplanted Californians, snicker at our complaints. We object because our **travel time may have doubled** — from 15 minutes to 30 minutes — but a 30 minute drive to them seems like Heaven compared to the commute time to which they were accustomed in more crowded areas, such as Silicon Valley, LA, etc. Despite the snickers, it's very real to others.

The commute time gets the most attention because it impacts people at least twice a day, every workday. However, that's not where the long-term implications lie. The biggest problem, especially if you have a business that relies on customers/clients to come to your location, is the **changing lifestyle of Austin area residents as a result of mobility difficulties.**

You may have noticed it in your own actions — such as when you decide not to go “there” because it'll take too long, so you go “someplace else” a little closer. Believe me, this marks a **profound trend in our daily habits**, so you need to factor this into your future plans.

The trend will continue because **growth will continue in Austin and traffic solutions will not keep up.** It's as simple as that. As an example, the Hwy31 bypass for IH35 is probably a decade away and by then the relief it will provide will still not pare traffic back to what it is today. Also, even if light rail passes, it will cause more problems – **tearing up roadways to install the system** — before it offers any minimal roadway relief.

As happens in all large cities with mobility problems, we are becoming more and more an area of **self-contained “neighborhoods” — where residents will seldom venture far from home.** This really impacts a business's customer base. Especially when you consider advertising. For instance, if you don't have locations in most of the “neighborhoods”, how cost effective is it to blanket-advertise citywide? There are many more implications for you as you plan for the future. The smart operator will take advantage of this trend.

**It's a war now. With just two full weeks of campaigning left, the Texan and the Tennessean are battling on several different fronts with the precision of a well-planned military campaign.** But, you only get to see a small, albeit very important, part of all the skirmishes that are underway.

The part we here in Texas see every day is the carefully crafted effort to try to dominate the evening TV news and the morning newspapers nationwide. Each presidential and vice presidential candidate decides the “campaign message of the day” and goes to the location (usually in a swing state) that best represents the message visually — preferably early enough in the day to allow the networks and news services to make all the news cycles.

This is where **Gov. George W. Bush and Former Defense Secretary Dick Cheney** as well as **VP Al Gore and Sen. Joe Lieberman** fire their best shots — either positively for their message or negatively to inflict damage on the other. These sometimes double-barreled messages generate the sound bites you see each evening and the quotes you read in the newspapers the next day.

This is all that Texans and others in the “safe states” see. Another front where the battle is waged uses precisely-targeted advertising missiles that rain down around the clock on TV stations in the battleground states — the states each candidate feels are up for grabs and are essential for an electoral college win. These advertising missiles, lobbed from the campaigns, feature the **candidates talking about issues** important to the voters in each of the targeted states.

But, the greatest damage is inflicted by high-powered, heat-seeking advertising missiles fired by **soft money special interest groups**. These scorched-earth TV ads are negative in nature and slam the opponent where each is most vulnerable. When you talk about **negative campaigning**, this is generally the source – and both sides utilize this type of germ warfare aimed at the swing states.

The aggressive air battles are supported by ground forays. Another part of the all-out assault is waged using guerilla warfare. **Surrogates** (local Senators, Congressmen, Governors, etc.) pop up everywhere in the battleground states firing quick shots to get coverage in the local media, then they quickly leave and run, firing away, into the next media market.

At the same time, stealth weapons are being fired mercilessly by both sides under the media radar screens. This is where the **direct mail** and **telephone** ammunition is used so effectively. The ammo is selected with the target in mind — rich, poor, middle class, black, white, Latino, GOP-leaning, Dem-leaning, men, women, young, old, middle-aged, families, singles, you name it. It is one-to-one, hand-to-hand combat.

You get the picture. To mix a metaphor, it's **John Wayne** putting the reins between his teeth and galloping full speed toward the enemy with blazing rifles in each hand. That's where we are now. You can track the battlefield casualty count at <http://www.AustinLetter.com> by going to our “Links” page and clicking on Voter.com for the best weekday tracking poll results.

**If you think there is a lot more activity at Austin's airport than when it first opened last year, you're right. In fact, Austin-Bergstrom International Airport kicked off the new millennium as the 6<sup>th</sup> fastest growing major airport in the nation.** In just a few months, we'll see how ABIA ended the year. A "major" airport is defined as one with more than 5 million passengers. Passenger totals include revenue passengers, charters, through passengers and non-revenues.

**If Texas were a nation, it would rank 9<sup>th</sup> in the world when compared with the Gross National Product (GNP) of countries around the world.** The total value of goods and services produced in Texas in 1998 (the latest numbers available worldwide) ranks Texas ahead of, in order, Canada, Spain, India, Korea, The Netherlands, Australia, Mexico, Russia, Argentina and Switzerland. Japan is #2 behind the US, followed by Germany, France, United Kingdom, Italy, China, Brazil and then Texas. It'll be interesting to see where Texas ranks currently with the recent economic surge registered in the Lone Star State.

**It was ironic, almost laughable, when the Texas Eagle railroad line running through Austin was designated as a high-speed rail corridor.** The feds re-worked the wording on the route from San Antonio, through Austin, to Fort Worth and on to Little Rock so it would be eligible for federal funds for safety and efficiency improvements.

We're all for "safety" and "efficiency" but **don't try to tell us there is anything "high-speed" about this service.** You want high-speed, then the multi-million dollar bullet train effort a decade ago would have been your cup of tea. It was proposed to form a fast-track triangle connecting Texas's largest economic centers – Dallas-Fort Worth, Houston, San Antonio and Austin. But it failed, in part, because of a massive lobbying effort against it by Southwest Airlines, which feared losing airline customers to the bullet train. With all the airline travel hassles these days, it makes you look longingly back at what might have been.

**With almost \$500 million in apartment projects being cancelled in Dallas, you have to wonder about the fact that more shopping malls are being built in Big D than at any time since the 1980s.** (Check our 10/6/00 issue for details on the Dallas apartment pullback. Austin is not having those problems, as we noted.)

But *The Wall Street Journal* is reporting this week that a 1.6 million sq.ft. mall opened in August north of Dallas, another 1.5 million sq.ft. mall is being built just four miles south in Plano and two more regional malls are planned in the D/FW area within the next three years. Why is this a concern? **Only about seven malls a year open in the entire country,** according to the *WSJ*. And Austin, one of the hottest economic spots in the country, isn't likely to open new malls anytime soon. You need to keep an economic eye on what's happening in Dallas.

**The rules for retirement planning are changing dramatically. Remember the good ole days when the only rules were stay as long as possible with one employer, buy as big a house as you could afford and hang on. Your parents and grandparents followed those rules. Now what?**

The “now what?” question becomes even more important when you realize that in the good ole days, if you followed the simple rules, took advantage of the company’s pension plan as well as social security, and sold your home at a tremendously appreciated value, you could retire with **about the same standard of living you enjoyed for all your working life**. No more.

First of all, as we pointed out in our 10/6/00 issue, few employees spend their entire career with one employer. Secondly, employers are **phasing out pension plans** at such a rate they could be all but gone in about ten more years. And profit sharing plans are not as prevalent.

But, think about using your home as an asset that will greatly appreciate. Sure, if you bought a home in Austin more than a decade ago, you’ve already seen a great deal of enhanced equity. But what about **today’s homebuyer**, who is paying prices that have soared into the stratosphere? How much increased value can be counted on in the years ahead? Or, heaven forbid, what about **D**ecreased value?

All this is becoming more acute because **you will live longer** — a lot longer — than the retirees a generation or two ago. Your parents are going to live a lot longer as well. What are your plans for them? So, what’s the purpose of this little philosophical discussion? When times are good, even great, as they are now, **this is the time to do some sober planning for the long-term**.

There are a lot of signs around Austin of lavish spending. That’s all well and good if it’s coupled with long-term planning. The best time for long-term planning is not when you’re face-to-face with pending possibilities. It’s now, when times are good and you have the **wherewithal to make a secure future** for those who matter most to you. End of sermon.

**Dr. Louis Overholster** has a unique perspective on how to approach retirement. As he put it: “Let’s not call it retirement. I prefer to think of it as becoming a restaholic!”

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Sincerely



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