

THE

*Paul Spelce*

# AUSTIN LETTER

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Dear Client:

**A four-letter word is the watchword here in the waning days of the presidential campaign. Workers in both the George W. Bush and Al Gore camps are uttering it frequently and loudly.** No, it's not any of the expletives you might anticipate (though we're sure there are plenty of those heard as the clock winds down). The word: **GOTV**. It stands for Get Out The Vote.

Oh sure, there's still more than a week of full-blown public campaigning to go before the 11/7/00 balloting. And it will be intense. But, the intensity will be more than matched by the massive efforts by both sides to get out their votes. **The GOTV effort is where this election will be won or lost.** And, right now, the GOTV odds favor Bush.

Forget about the so-called "undecided" vote. What each camp now wants is to make sure those who are solidly behind their guy will get out and vote. This election, frankly, has not generated wild enthusiasm – voters tell pollsters that, yeah, they like their guy, he's okay. But there's a noticeable **lack of passion among the populace**. This is where phone banks play a vital role.

For months, campaign workers in battleground states on both sides have been calling registered voters to **identify those who favor their candidate**. They call back regularly to make sure the supporter/voter hasn't wavered. Then, on Election Day, voters get calls early to give them the address of their personal polling place. Later on Election Day, voters will get follow-up calls to see if they voted and to offer a ride to the polls if the supporter/voter has a problem getting there.

Where Bush may have the edge is in the organizations working on his behalf. Normally, you would give the edge to the Democratic candidate in a national presidential election because of **organized labor's massive volunteer efforts** to turn out their members for the Dems. But, labor is lukewarm for Gore, especially in Michigan and other battleground states where labor is a potent force. Remember, many unions only reluctantly endorsed Gore after his recent support for certain trade issues.

Contrast that with voters identified with the Christian right. Haven't heard much from them recently, have you? That's by design. They're keeping a low profile as Bush runs a centrist campaign. But, they're generating a massive GOTV effort that should turn out a very high percentage of their voters for the Texas governor. As a general rule, **Bush backers seem to be more motivated than Gore supporters**. That could be decisive Election Day.

**This could be a sign the effort to pass light rail is in trouble or the proponents have more money than campaign organizational ability.** At least that's two possible conclusions you could draw if you saw the sign posted at 12<sup>th</sup> and Lamar Blvd. It read: "Light Rail Campaign Jobs Available. \$9-\$12 per hour. Texas Community Project. 474-6027." Longtime political watchers don't recall seeing similar signs in previous campaigns. Of course, it could also be a "sign of the economic times" – it's just hard to find bodies to fill *any* hourly-wage jobs in Austin these days.

**Why is GOP USSenator Kay Bailey Hutchison running so many TV ads for re-election when her Dem opponent is not campaigning or spending any money on advertising?** Is she worried? Nope. Does she have so much campaign money she just feels the urge to spend some of it? Possibly. Or, is she building up her name ID and favorable rankings — just in case? Probably.

Just in case, what? **Just in case she wants to run for governor in two years.** She's saying that's not on her plate right now. But, remember, she would be in the midst of a 6-year Senate term in 2002 and could run for governor without giving up her Senate seat. She's always had her eye on the governor's job. GOP Lt. Gov. **Rick Perry** is a sure candidate for governor in 2002 and Dem businessman **Tony Sanchez** is a likely candidate. It could get interesting.

**It's no longer just "Downtown Austin." It's now "A Livable Digital Downtown." So, if that's the new catch-phrase, how is downtown measuring up to the new moniker?** So far, so good, according to **Mike Laosa**, who stepped down this month as Chair of the Downtown Austin Alliance.

"Austin continues to attract global leaders to its Central Business District (CBD) and it's our responsibility to provide a **strong technological infrastructure** for those businesses to thrive," notes Laosa, who is also the publisher of the *Austin American-Statesman*. A "technological infrastructure" along Congress Avenue, the state's Main Street, where trolley cars and horses once battled for the right-of way? Yep, that's DAA's vision.

One of the reasons downtown streets are ripped up every day, **diverting mumbling motorists and complaining pedestrians**, is to lay fiber optic cable throughout the CBD to wire downtown for today and tomorrow. The other obvious reason for the construction barriers is that global companies are moving to Austin's historic downtown.

The world's largest semiconductor manufacturer, **Intel**, chose downtown. **Computer Sciences Corporation** broke ground in late February for a 3-block campus near the banks of the storied Colorado River. Homegrown **Vignette** is toying with the idea of a downtown campus. And new software companies are following downtown pioneers such as **Dazel** and **Human Code**. All this is triggering the construction of downtown living units and new restaurants.

**With warning signals over apartment overbuilding emanating from Dallas, Phoenix and Charlotte (as we reported 10/6/00), we decided to delve deeper into Austin's unprecedented apartment construction pace.** Believe me, apartments are being constructed here at an amazing rate.

During the 3<sup>rd</sup> quarter, new development reached absolute unprecedented highs in the Austin MSA, according to Austin Investor Interests. AII reports the influx of new apartment construction submittals continue to steadily rise, the numbers of upcoming starts are not even beginning to slow, and **more than 12% of the existing apartment inventory will be added in the next 15 months.** Whewww! That's exhausting just to think about.

It looks like the late 1980s just before the real estate recession clobbered Austin's economy if you look only at what is in the apartment construction pipeline. But, there are other questions that must be answered to understand the total picture. For instance, are the apartments occupied? At what pace are the new units being rented to tenants? Are the rental rates high enough to support the investment to build the apartments?

**Robin Davis**, the owner of AII, says not to worry yet. In fact, she cites some strong numbers to support the unprecedented construction surge. "Occupancy rates during the 3<sup>rd</sup> quarter reached a high unseen in six years, leaving less than 1,850 units available to occupy," she pointed out. "In addition, the overall **occupancy rates have remained above 95% for nine consecutive quarters.**"

But, what about the new units coming on-line? Davis reports "absorption remained strong, as over twice the number of units added to the inventory were absorbed." She notes Austin's job growth rate is much greater than other Texas cities. That, obviously, helps fill up the apartments. And she predicts "**the demand for new product will continue and rental rates will reflect this demand.**"

Her conclusion: "unless we experience major changes in the high-tech industry or other related economic change, the Austin area's current (apartment) development is expected to be absorbed well in most sectors for the next 15 months."

She mentioned rental rates. They're skyrocketing as well. In fact, rental rates increased \$.03 just in the 3<sup>rd</sup> quarter to reach \$.98 per sq.ft. overall. "This," she says, "represents an **unprecedented annual increase of \$.08 per sq.ft.** The largest rental rate increases were found in Class A (the best/newest) in sectors of Williamson County and Central Austin, and Class B product in the Northwest and Williamson County.

Another reason you shouldn't start feeling sorry for apartment developers/owners just yet: they've found a new way to get more money other than just increasing rents. "More than 30% of apartments are charging a **non-refundable "redecorating fee"** averaging \$50 per bedroom.

**Robin Rather is one of Austin's bright young leaders who, as head of the Save Our Springs Alliance, helped bring together warring business and environmental factions to break up some development logjams. Now she's uttering the dreaded "M" word – and we're not talking about Momentum.**

Rather's comments are published in the October, 2000 national magazine, *Money*, in an article written (much in the first person) by **Rob Walker**, a UT Austin grad who wrote for the *Austin Chronicle* while in Austin. His lengthy story was a look at how Austin has moved from the slacker image, when he was here about ten years ago, to what it is today.

About Rather, he wrote: "She began our conversation by making the case that, for the most part, the **old Austin** – the famous blues club Antone's, the local swimming hole at Barton Springs – can **still be found** by those who care to look.

'The problem is, if you're living here, the big 'gotcha' is the cost of living' she concedes. **'I'm going to say the 'M' word' she said. 'The thing no one wants to say. Moratorium.'** If a business gets ahead of itself, she asked, what would it do? 'You would turn down clients,' she asserted.

'It's not that big a leap. This is an ecosystem, and if you're really going to save the Austin that we're talking about, there's got to be some middle ground. What is Austin's carrying capacity? If you're talking about a community, you're talking about **human beings and quality of life and living**. You can't have grab-market-share mentality'."

Walker summarized his observations about Rather by writing, "In other words, this momentum thing is good, but it **must be kept under control**." His own summary: "Things may change again in any number of ways, but we've come too far now to go back to what we were before."

**Dr. Louis Overholster** came to Austin years ago from a very small town – so small, the local fire department was a tall dog!

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