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Dear Client:

Downtown Austin businesses are expressing security concerns about gang activity, narcotics and nighttime safety in and around the East Sixth Street area. Recent stabbings and the Mardi Gras riot have heightened public concern. So, how does Austin's police and private sector response compare to the downtowns of San Antonio, Denver and Fort Worth?

The Downtown Austin Alliance (DAA) examined these three cities because they have **downtown entertainment districts with a size and scope similar to Austin's**, and the info about Santone, Denver and Fort Worth was readily available and reliable. The results of the examination were then compared to Austin. How did we stack up when it comes to security staffing (city police and private security personnel hired by DAA)?

"Staffing levels **during daylight hours are significantly less** than those in the other cities," reports DAA's Security and Maintenance Committee. "However, those levels will be comparable if the Walking Beat and Street Response Teams are fully staffed."

"Austin's staffing levels at night are roughly comparable to the other cities surveyed, but **only if the two nighttime Walking Beat shifts remain at full strength**," concluded the DAA committee.

DAA's recommendation: the City of Austin **address vacancies** in the Austin Police Department's (APD) Central West Area Command Walking Beat, especially the daytime shift, and that the **Street Response Team be fully staffed immediately**. DAA also notes that daytime Walking Beat officers also patrol the UT Austin Drag, which adds approximately 20 additional square blocks to their coverage area. The committee pointed out that two officers are allocated for security at the Thursday meetings of the Austin City Council, even though those meetings are no longer held in the Central Business District.

APD's security efforts are augmented by DAA, with the **Alliance funding 12 on-street security personnel** (they call them "ambassadors") who are on duty from early morning to late evening. The DAA unit is divided into two shifts, providing four to ten personnel on the street at any time. This program recently has been **only 50% staffed**, but new security personnel are being hired. With the new pay raise for Austin police officers, **APD may soon be able to hire/train new officers**, some of whom should be allocated to beefing up downtown security.

If you're shopping for office space in this, the tightest office market in recent history, there's a hint of good news. The remainder of the year is likely to see stabilized rental rates in the suburbs and reduced rental rates downtown. That's the view of Office Leasing Advisors, an Austin company with a long history of representing tenants in their search for office space.

President **Bill Wendlandt's** company points out tenants are "finally" seeing some relief. Office Leasing Advisors credits large blocks of sublease space coming on the market, because of **continued company layoffs and space reductions**, for this "relief."

Specifically the company reports more than 600,000 sq.ft. of this sublease inventory is in the **high tech-oriented northwest sector**. And, it adds, included in that total are several blocks of office space in excess of 40,000 sq.ft. How much is 600,000 sq.ft.? That's the amount of square footage in a 33-story high-rise office building announced recently for 4th and Congress Avenue.

"The immediate effect for companies in need of space was the **instant availability** of these new options, many of which had brand new finish-out," reports Office Leasing Advisors. Some buildings along north Loop360 had smaller subleases that remained **vacant for weeks** after going on the market. And, that's a **trend that has not been seen in several years**, the company pointed out. Previously, these smaller spaces leased in a matter of days.

This softer situation in the high tech northwest corridor is *not* being replicated in the still-hot, high-demand South MoPac/Loop1 corridor between Loop360 and Bee Caves Road in the southwest. **The situation southwest is still tight** in spite of the fact one large tenant put some 60,000 sq.ft. back on the market. "The bigger news for the area was the announcement of new Class A office buildings along Bee Caves Road, a high-demand area with very little existing Class A product," Office Leasing Advisors reported.

"One building was set for the MoPac/Loop1 end of Bee Caves and the other at the Loop360 end," the company added. The buildings will be **available for leasing sometime in 2002** and the combined square footage could exceed 600,000 sq.ft.

How about **downtown**? **The rates there have stabilized** as the area is preparing for up to 500,000 sq.ft. of space to come on-line in early 2002. "Although much of this is sublease and Class B space, the area did receive 100,000 sq.ft. of Class A office space (unexpectedly) in the new Computer Sciences building along 1st Street (Cesar Chavez)," noted the company. All this is what Office Leasing Advisors means by "relief" for those tenants seeking office space.

Here's how you know we may be in a "Rich Man's Recession." A shabbily-dressed man was standing at the corner of 5th and Lamar Boulevard at 1:17 pm Wednesday, 3/28/01, begging for money, holding up a sign that read: **"Need Fuel For Lear Jet!"**

Daylight Saving Time, which runs from 4/1/01 through 10/28/01, means more than an extra hour of sunlight. It also parallels the Ozone season in Central Texas. We're moving into the time of year when hot, sunny weather is ideal for forming ground level ozone – or Smog.

Ground level ozone is the **haze that appears when certain pollutants bake in the Texas sun.** It can have harmful effects on people and on the economy. For people, Smog can aggravate asthma and severely irritate the respiratory system. It's especially harmful to the elderly, children, folks with respiratory problems and who exercise outside.

The economy can be impacted as well. If the levels of ozone exceed a ceiling set by the Feds, a certain number of times during the season, **costly requirements for businesses and motor vehicles** could be triggered. It could also reduce the amount of money that would normally be funneled our way by the Feds.

Watch for Ozone Action Days. When the weather forecast indicates conditions are right, an Ozone Action Day is declared – meaning daytime cutbacks in vehicle emissions, etc., are urged to **reduce the amount of pollutants.** If the pollutants are reduced sufficiently, then the levels of ozone will stay below the federally mandated ceiling.

By the way, you can **blame Houston for some of our problems.** Throughout much of the April-October season, the prevailing winds in our area are from the southeast. That sends a lot of Houston's smog our way. Because of Austin's location (flat lands to the east, slapping up against the hills to the west), we've always had a certain amount of inversion that creates haze. That's why, back in the 1800s, famed author **O Henry** noted the haze and labeled Austin "The City of the Violet Crown." A crown that is now being tarnished at times by pollutants.

If you're planning summertime travel and wondering about the value of the dollar in other countries, we've got some guidelines that might help your financial planning. You know the strength of the dollar has made for favorable ratios in Europe, Canada, Mexico and Japan. US travelers in those countries generally have gotten good value because of the strength of the dollar.

This is about to change in some of those countries. In Europe, the euro has been hammered since the new currency debuted in 1999. Well, that's changing now. The euro is muscling up. The best reports we get indicate the **euro could achieve parity with the dollar by midsummer** and continue to inch higher by year-end.

The same is true in nearby Canada and Mexico. The value of the greenback will slide in those two popular travel destinations. The reason is those two large trading partners will outperform the US economy this year. **So the Canadian dollar and the Mexican peso are likely to get much stronger in relation to the US dollar.** This is *not* the case in Japan. Its economy is still weak and the strong dollar-to-yen ratio is likely to remain the same.

The Internet economy constitutes much more than dot coms and is pervasive across all business sectors. Recent research at UT Austin by one of the world's foremost researchers on electronic commerce, Dr. **Anitesh Barua**, and the Director of the Center for Research in Electronic Commerce, Dr. **Andrew Whinston**, supports that thesis.

“Smart, traditional companies are embracing the Internet and ‘digitizing’ their business models and processes to leverage this ubiquitous electronic infrastructure in **every aspect of their business operations**,” they report. “Such companies are observing significant increase in revenues and revenue per employee.”

“Their contribution to the Internet economy revenue and job estimates far exceeds that of dot com companies, suggesting that **the Internet economy is creating a real, measurable impact on the physical economy**,” they declare.

Their research shows the **Internet is transforming the economy and the way people work**, to an extent few people would have imagined just a few years ago. The Internet economy force has become a more integral part of the US economy than ever before, creating jobs and increasing productivity in companies across the economy. The impact goes far beyond dot coms, as Internet economy forces are transforming traditional companies and jobs.

The Internet is increasingly becoming part of the basic business model for many companies, laying the groundwork for even more impressive growth during strong economic conditions. **In fact, the Internet is rapidly becoming an integral part of the traditional economy – like telephones, elevators and personal computers over the years.** And, this will lead to the day when there will be no separate measure of the Internet economy.

Dr. Louis Overholster was reading an article about a beautiful actress who married a not-so-bright and not-so-nice sports star. He turned to his wife, commenting “I’ll never understand why the biggest jerks get the most attractive wives.” His wife, looked up at him smiling sweetly, and said “Why, thank you, dear!”

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