

THE

Neal Spelce

AUSTIN LETTER

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Dear Client:

Texas population is visibly and dramatically changing, yet if you live in Austin you're not faced with it as much as those in the four biggest cities in Texas. Of the five largest Texas cities, whites are the majority only in Austin.

This is somewhat ironic because many in Austin proudly proclaim its diversity. **But, the populations are much more diverse in Dallas, Houston, San Antonio and Fort Worth.** Whites are about a third of the population inside the city limits of Dallas, Houston and San Antonio and less than half in Fort Worth.

Demographers have long predicted (for decades, as a matter of fact) that **Texas will eventually become a minority-majority state**, along with other states such as California. Now that the 2000 Census figures are being rolled out in greater detail, you can see the bigger cities have already reached that status.

San Antonio, with its heavy Hispanic influence, has long been a minority-majority city. **The white population in San Antonio is now just 32% of its total.** But, in 1990, whites were still only 36%. That's a rise of four percentage points in minorities – not very dramatic.

But the **state's two biggest cities have seen significant shifts in population.** Dallas's minority population grew by a huge 13-percentage points. Put it another way: whites were 48% of the total in Dallas in 1990 and now number 35%. Houston is close, with an 11-percentage point increase in the minority population. Whites were 42% of Houston's population in 1990, now they are 31%.

Fort Worth went from a white majority in 1990 (56%) to 47% in the 2000 census. **Only Austin retained its status during this period with whites in the majority.** When you look at the trend lines, this could change by the 2010 census. In 1990, Austin's white population was 62% and when the 2000 numbers were finally tallied, **whites made up 54% of the total.** If the city shows the same percentage point decline in this decade, eight percentage points, then whites will no longer be in the majority in Austin in 2010.

There are **no surprises** here. But Austin has been somewhat insulated to the changes which have occurred in the other big cities. Austin will now follow suit in just a few short years.

Get ready for more — yes, more! — traffic disruption in the near downtown area on IH35, but (if you can believe it) this disruption is planned to last only 90 days. Work will be underway during May, June and July on both the southbound and northbound lanes on the lower level of IH35 from Airport Blvd. to Martin Luther King, Jr. Blvd. TxDOT calls it a “bottleneck project.”

“Bottleneck projects are **low cost, short-term congestion management projects** that allow us to quickly respond to problem areas,” said Charles Davidson, TxDOT engineer. “Although the construction will add to driver inconvenience for about three months, the completed project should make driving a little easier on the lower level.

Changes will be made to main lane access. **There will be three ramp reversals and four ramp removals.** In the southbound direction, the 26th Street exit will become the 32nd Street entrance and the 26th Street entrance will become the Manor Road exit.

In the northbound direction, the 38th Street exit will become the new 42nd Street entrance. The ramps that will be removed are the southbound Hancock Plaza and 38th Street entrances, and the northbound 32nd Street and the Manor Road entrances.

More thru lanes will be added at the 38th Street and 32nd Street intersections and an extra turn lane will be added on the southbound frontage road at 32nd Street during the morning peak rush hours. TxDOT’s promise: **by the end of summer, drivers should experience a safer ride on the lower level of IH35.** In the meantime, be prepared for more inconvenience.

If you think there’s a big slowdown in Austin’s economy, you’ll have a hard time selling that to the folks who are handling record air cargo shipments at Austin-Bergstrom International Airport. The pace is becoming more and more frenzied as commerce shipments continue to grow.

For instance, air cargo shipments set a new record for March 2001. They totaled more than 40 million pounds. That’s **up an amazing 42%** from the same time last year. But, that’s not all. This is a **9.3% increase over the previous record for any month** set in September 2000.

Break this down further and you’ll see how much Austin’s economy has gone global. International air cargo saw its biggest jump since cargo ops began at ABIA in July 1997. March 2001 international air cargo totaled 2.9 million pounds. This is **up more than 1000%** from 2000.

Simply put, Austin businesses are shipping and receiving more materials and products via air than ever. **This is a realistic indicator of a healthy economy.** And it’s not just cargo that’s up. Passenger traffic continues to grow. For the first quarter 2001, 4% more passengers flew in and out of ABIA than in the record setting first quarter 2000.

What's this? A small Austin dot-com with 1st quarter sales up 56% over the previous year? And, April sales up 77% over April 2000. What's going on here? TicketCity.com is on pace to shatter all of the Internet sales records it set last year, and thinks its sales surge is due to increased diversification of its product line.

TicketCity.com is a private ticket broker that specializes in **premium seating for all concerts, theater and sporting events**. In addition to selling tix on-line at www.TicketCity.com, the company also accepts phone orders via a toll-free number, 1-800-SOLD OUT.

Sports and Broadway plays are helping the increased sales. For instance, in sports, the Austin company has listed tickets for only a handful of **pro basketball and hockey playoffs** in the past. But, this year the Austin operation is selling tickets for every series in both the NBA and NHL playoffs.

TicketCity.com has also lined up some new suppliers in the Northeast for **Broadway theater offerings**. It currently lists about fifteen different Broadway shows on its website, including the wildly-successful new show, **Mel Brooks' *The Producers***.

In fact, demand was so high for *The Producers* that TicketCity.com was forced to suspend sales on the web and steered ticket buyers to its phone sale reps. **Randy Cohen**, the company CEO, says Brooks' **musical comedy is the hottest selling show** he's seen in his 13 years in the business and that includes the still-running *The Lion King*.

Obviously, TicketCity.com is not a pure dot-com company, since it also does business the old-fashioned way, with sales people dealing directly with its customers. But, its on-line operation has enabled this Austin business to expand its reach beyond the local area to increase sales.

Yes, layoffs – and rumors of layoffs – are continuing in the Austin area. But, a check of the latest workforce stats shows 29,500 more people are working here than were employed in the workforce at the same time last year. Net new jobs are being created and they are being filled.

The unemployment in the 5-county Austin metro area inched up to 2.5% in March, compared to 2.0% in March of 2000. It goes without saying that **2.5% unemployment is amazingly good**. Only one other Texas metro area beats this percentage — much smaller Bryan-College Station. The state of Texas stands at 4.0% and the US is 4.6%.

It's also interesting to note what's happening to the size of our civilian labor force (CLF). Slowly, but surely, the Austin metro has been creeping up on the San Antonio metro to where **Austin's CLF is now just 25,700 smaller than San Antonio's**. That's something to watch.

As we told you 4/27/01 was likely to happen, **Charles Miller of Houston** was named **Chair of the UTSystem Board of Regents**, following **Don Evans** (who became **George W. Bush's US Secretary of Commerce**) and **Former Congressman Tom Loeffler** (whose term expired). Additionally, three Regents were named vice chairs – **Rita Clements** of Dallas, **Dub Riter** of Tyler and **Raul Romero** of Houston.

Clements is a little “more equal” in that she is the vice chair who would step up to serve in the chair's absence. By the way, Clements, the former First Lady of Texas, was just re-appointed by **Governor Rick Perry** to a six-year term, so it's easy to speculate she is the logical successor to Miller as the *next* Chair of the UTSystem Board of Regents.

Austin has the US's highest percentage of home Internet usage, 69.7%. That's one of the reasons Yahoo! Internet Life named Austin as the third most wired city in the nation, following San Francisco and San Jose.

There are a couple of other reasons for the #3 ranking. First of all, Austin has the fourth largest amount of online spending per online user, \$189 per user. And, secondly, Austin is in the Top Ten US cities in the **total number of Internet hosts per 1,000 firms**. The number: 1,733.1 per 1,000 firms. By the way, Austin has ranked in the top five “Most Wired City” list over the last several years.

Dr. Louis Overholster has been fascinated by the US space tourist, **Dennis Tito**, who paid the Russians as much as \$20 million to blast him into space to spend this week aboard the International Space Station. “What I can't understand though,” Overholster observed, “is why he paid so much to take a long uncomfortable ride and sit next to people he can't understand – all to be in a place where people are routinely sick and where fellow travelers relieve themselves in a bag. Hell, you can do all that for under \$2 on the New York City subway and in New York City you are assured of seeing alien life forms!”

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