

THE

Real Estate

AUSTIN LETTER

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Dear Client:

With the depressing and sad developments as a result of the horrifying acts of terrorism against the United States ten days ago, we wanted to bring you some uplifting news about the area in which you live.

For the third year in a row, the Austin metro area has been ranked, by an independent economics research firm, as having the **strongest local economy in the nation in a study, which evaluates eighteen economic factors over a 25-year period**. The study analyzed 318 metro areas in the US.

We've lived through economic ups (1999-2000) and downs (1985-1990). A study of economic strength conducted during either of those periods would have shown drastically different results. But, the reason this study by Florida's POLICOM Corporation is so significant is that it **measures the business strength of a metro area over 25 years** – leveling out the normal stutters you get in any business or any region.

POLICOM's method of measuring economic strength identifies how consistently the **economy has grown in size and quality over an extended period of time**.

“By including multiple economic factors and considering an extended period of time, economic trends of the areas can be determined,” observed **William H. Fruth**, POLICOM's president.

“This is not a ‘quality of life’ or ‘best places to live’ study,” Fruth notes. “Nor does it try to identify the latest economic ‘hot spot.’ **The study measures the economic soundness of the area.**” Economic *soundness*. This is most important element of all. He went on to say “It is characteristic of strong economies to have rapid, consistent growth for an extended period of time. Typically this is the result of having a diversified economic base.”

Remember, last week in our 9/14/01 edition, we noted the bedrock of our area: the **“solid infrastructure of government and education jobs** that have not been hammered by the high tech slowdown.” That's what POLICOM means by a diversified economic base. The Top Ten: #1 Austin, #2 Denver, #3 Atlanta, #4 Seattle, #5 Salt Lake City, #6 Raleigh-Durham, #7 Dallas, #8 Fort Collins, CO, #9 San Antonio and #10 Madison, WI. Look at the strength of our region. **Two other Texas cities join Austin on this the best economic list of all.** Uplifting news!

What will be the impact in Texas from damage or interrupted operations of Manhattan businesses? There is no way to predict precisely, but to give you an idea of the scope of the question, consider this: approximately 3,361 businesses located in Manhattan conduct business in Texas.

This number represents Manhattan businesses that have reported sales tax and other taxes to Texas. It is unknown how many of those companies have been affected by the destruction of the World Trade Center towers and damage to nearby office buildings. But, State Comptroller **Carole Keeton Rylander** said those businesses, upon request, will be granted **an extension of up to 90 days to file tax returns due in September and October**. “Businesses whose operations have been disrupted – if not obliterated – by the disaster need to concentrate on their recovery. They don’t need to worry about filing tax returns right now.”

The City of Austin has a larger population than the cities of El Paso and Fort Worth, and Travis County has more people than El Paso County. This hasn’t always been the case, but the new Census Bureau numbers confirm that our explosive growth has propelled us past cities and counties that have long been much larger.

The 2000 Census numbers peg the City of Austin’s population at 656,562. **Austin is now officially the fourth largest city in Texas, and it will likely remain in that position for decades to come**, no matter the speed of our growth. Why? Well, Houston (1.95 million people), Dallas (1.18 million) and San Antonio (1.14 million) are much larger than Austin – and they, too, are adding people at a fast rate. **Austin has leapfrogged the cities it’s been chasing for years**, and it’s not likely the cities of El Paso (563,662) and Fort Worth (534,694) will generate enough explosive expansion to move back ahead of Austin.

On a county level, **Travis County** – growing unbelievably fast (40.9%) during the past ten years — is the **fifth most populated county in Texas**. Fort Worth’s *suburbs* have grown at such a fast rate that #3 Tarrant County now has 1.4 million people, compared to #5 Travis County’s 812,280. Houston’s Harris County tops Texas with 3.4 million people, Dallas County is #2 with 2.2 million and San Antonio’s #4 Bexar County has a population of 1.4 million. #6 El Paso County counted 679,622, according to the 2000 Census. These counties will remain in this respective position for a long time to come.

While we’re on the subject of numbers, let’s drop in a few more for you – just so you’ll have them for ready access (remember, each issue of our newsletter since the beginning of January 2000 is archived on our website, www.AustinLetter.com). **The total number of people living in Texas at the time of the Census was 20,851,820**. Texas’s population increased 22.8% from 1990 to 2000, while the US grew at 13.1%. Only seven states (six much smaller states and Florida) outpaced Texas percentage increase of population.

It looks as if Austin area retailers may have reversed a disturbing three-month downward trend of retail sales, not only dipping below the previous year, but also running counter to statewide trends according to sales tax collections. The latest numbers show retail sales started moving in the other direction in July. All five counties in our metro area and San Marcos and Round Rock were up year-over-year. And, Austin moved from a negative to flat, compared to July 2000. We'll keep watching this to see if it is a blip or the makings of a real, upward trend.

UTAustin is Number One — and that's not necessarily a good thing. UTAustin is the largest single-campus institution in the nation. A record 50,613 students are moving around the campus right now and UTAustin officials want to reduce that number.

When the record fall registration totals were announced this week, it just underscored the difficulty facing UTAustin leaders in combating a **problem that just won't go away**. The university administrators would like to see the maximum number of students level off at about 48,000. At today's level, faculty, facilities and resources are stretched to the max. The bottom line: **UTAustin cannot operate at an optimum level under the crush of 50,613 students.**

There is no one solution to the over-population problem at an institution where many believe that, since public dollars are involved, qualified children of Texas taxpayers should be granted admittance. But, in the simplest of terms, one of the problems is a **front-door/back-door issue** – the number of first-time freshmen and the length of time they stay before they graduate and leave the campus.

The front door is closing ever-so-slightly. **There was a slight decline this year in the number of first-time freshmen.** But, the back door still poses a serious problem. If every freshman could graduate in four years, the over-population problem would likely go away. But, instead, a huge number of UTAustin students take **five and six years to earn their first degree.** And, this keeps thousands on campus, who normally would have departed to earn their fortunes in the real world.

This is a chicken and egg problem. Because facilities and faculty are strained by the overpopulation, students say they cannot get the classes they need when they need them. So, it takes them longer to graduate. But, there's more to it than that. **Many students choose to take less than a full load of classes,** delaying the completion of their degree plan.

Those of us with a little gray in our hair thought an 18-hour class load was normal and there were Saturday morning classes to help us carry that load. **Now students think a 12-hour class load is normal and Saturday classes are not offered** (the faculty can also share some of the blame for objecting to teaching on Saturday). To their credit, administrators are focusing on this class-load problem. But, it has not yet been solved. Until it is solved, this cry of "We're Number One!" rings hollow and keeps UTAustin from achieving its full potential.

UTAustin is ranked among the just-released list of “The Hot One Hundred Wired Colleges” in the October 2001 issue of *Yahoo Internet Life*, but it’s way down the list – at number 68. The top five on the magazine’s list: Carnegie Mellon, Stanford, Georgia Tech, Dartmouth and MIT.

For the fifth year, the magazine examined 1,300 universities and colleges to see “**how they’ve incorporated network technologies into campus life.**” Their survey inquired into an institution’s sheer computing power, its integration of the Net into curricula and classrooms, its available hours of technical support for students, along with loads of other criteria.

Weighted grades were given to six different areas – Infrastructure (28%) Student Resources (22%), Web Portal (22%) E-Learning (12%), Tech Support (11%) and Wireless Access (5%).

UTAustin’s grades, with the mag’s remarks: Infrastructure, B+ (“All or most dorm rooms are connected to the Net”) ... Student Resources, C- (“Limited Web and network file space is available”) ... Web Portal, A (“**A work of art**”) ... E-Learning, A- (“Students can choose from numerous Net-related courses”) ... Tech Support, C- (“**Don’t expect live help when your system crashes at 3am**”) ... and Wireless Access, C- (“The school has just begun to test the wireless waters”).

Doubtless, UTAustin officials may quarrel with this ranking and these grades. UTAustin was one of 24 institutions in the “Hot One Hundred” who “**either declined to participate in the survey or failed to meet the survey deadline**”. It could argue its rankings might have been higher, though #2 Stanford and #5 MIT did not participate or failed to meet the deadline. In spite of its low-ranking, *Yahoo Internet Life* said “**UT’s Distance Education Center is among the best in the world** and lets students attend class and take exams entirely online.”

If UTAustin tries to correct what it feels is an error, Dr. **Louis Overholster** reminds the correction could be worse than the original. He recalls this example of a correction that was not correct: “Yesterday, we mistakenly reported a talk was given by a battle-scared hero. We apologize for the error. We obviously meant a *bottle*-scarred hero!”

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Sincerely



Editor/Publisher