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Dear Client:

Early voting for Tuesday's election ends today, and as a result of the heavy turnout, the Texas Secretary of State is predicting a solid 40% of all registered voters statewide will cast their ballots by Election Day. Does this heavy early vote favor the Democrats or Republicans?

Both the D's and R's say this is to their benefit. The Dems point to a **high early vote in heavily-Hispanic Hidalgo County** and the GOPers say that's offset by an **even higher percentage turnout in staunchly Republican Collin County**. Which means nobody knows for sure. Secretary of State **Gwen Shea** said: "the unknown factor to consider is to what degree we are witnessing the addition of new or reinvigorated voters and to what extent are Texans simply taking advantage of our state's ample early voting opportunities."

The latest *independent* poll conducted by the Scripps Howard newspaper chain counted likely voters through Tuesday and it shows most Republicans winning handily: **Rick Perry** (50% to 35% over **Tony Sanchez**), **John Cornyn** (44% to 35% over **Ron Kirk**), **Greg Abbott** (37% to 29% over **Kirk Watson**), **Carole Rylander** (56% to 18% over **Marty Akins**) and **Susan Combs** (45% to 31% over **Tom Ramsay**). Only Republican **David Dewhurst** appears to have a serious problem. He's in a statistical tie with Democrat **John Sharp** (39% to 37%).

But, be careful when you read these numbers. **Pollsters don't pick up first-time voters**, such as newly registered Hispanic voters turning out because of the Sanchez candidacy. And minorities, both African American and Hispanic, are more likely to tell pollsters they are undecided. This means those R's with big leads will likely win *with smaller margins*, but **Dewhurst is in serious trouble**.

By the way, normally Democratic Travis County is one of those with a heavy early vote turnout. And Travis County, along with other major metro Texas counties, is being closely watched nationally. It doesn't have to do with voter fraud (though those allegations have been raised somewhat this week). It's because several different electronic voting systems are being used. **No major complaints have surfaced about the Travis County system, but there have been widespread problems with a different system used in Dallas County**. If you waited to vote until Election Day Tuesday, you will be among the last to use the old paper ballot system. The elections next year will be the first where the electronic system will be used in both early voting and during regular elections in Travis County.

Though sales of single-family home sales continue to drop off a bit, the average home price in Austin continues to rise. The average home price in September exceeded \$200,000.

According to the latest figures available from the Austin Board of Realtors, single-family home sales in September reached 1,242 – down 2% from this time last year. **However, the average home price was up 5% from last year to \$201,105.** The year-to-date's average price is \$205,127. The median price for homes sold was \$155,000 – the same median we had in July, which is 4% higher than the median for this time last year. The year-to-date median price of homes sold through the Multiple Listing Service is \$159,000.

Which price homes are the best sellers? As has been fairly typical in recent months, the price range between \$200,000 and \$249,999 had the highest number of homes sold – 143 homes. This is 11.5% of all the homes sold for September. Sales in that price range for this year to date hit 1,503, about 10% higher than that of last year's sales.

If you decide to list your home for sale, and it compares favorably to the bulk of listed houses, you can expect it to stay on the market about 64 days before you find a buyer. However, if you want to list a million dollar mansion, be prepared to wait. Sales are up a bit, but there are more than 200 homes with a price tag of \$1 million or more on the market right now. And, it's taking an average of about 464 days – that's right, much more than a year – to sell one of those high-priced houses.

Office rental rates continue to decline and vacancy rates continue to rise in the Austin area – albeit a bit more slowly than in previous quarters. Now two unique situations are arising as a result of this tenant's market.

First of all, some large, good-credit tenants with less than two years remaining on their office leases, are trying to **sublease their current space**. According to **Mike Buls**, whose Buls Hodge Consulting Company tracks sublease space, they are **also trying to lock-in a good long-term lease arrangement elsewhere**, while the market is the softest it's been in years.

Another situation: those seriously looking to make a move and take advantage of the current downturn have found a **feasible long-term alternative to subleasing may be to buy**. With interest rates at historic lows, more attention has been focused on purchasing properties by investors and users alike, reports the commercial real estate firm of Colliers International.

These two new developments clearly illustrate that if you currently lease office space, and your finances are solid, **now is the time to make some good long-term deals** – either by cutting a great rental rate for the long haul, or by locking-in the lowest interest rates you've seen in years to buy some office property that will almost certainly appreciate in the future.

The most recent unemployment figures tell only part of the story. Our unemployment is higher now than it was a year ago, but more people have jobs now than they did at this same time last year. The unlimited future of the Austin area keeps us growing.

The unemployment for the Austin metro area stood at 5.5% in September, compared to 4.8% in September a year ago. As a comparison, the state tallied 6.3%, the Dallas metro area stood at 6.9%, Fort Worth, 5.9%, Houston, 5.9% and San Antonio 5.1%. All Texas major metro areas tallied higher unemployment rates than a year ago. More people were out of work this year than last year in each of these areas and in the state as a whole.

But, go beyond those figures that are always widely published, and look at how many folks actually hold jobs compared to the previous year. In the Austin area, **11,500 more people were working in September 2002 than in September 2001**, despite all the hullabaloo about layoffs and a downturn. And our labor force has grown in size by 17,500. The same situation exists in each of the state's major metro areas and for the state as a whole.

It's all about growth – job growth and population growth. Yes, there are more people out of work now than a year ago. But the fact **there are more people working and the population is increasing** tells us that the Austin area, indeed all the major metro areas of Texas, continue to be attractive to job seekers and those who believe in our future. There has been a letup on the accelerator of our economic engine, but it is **still moving forward**. And it's a good bet it will pick up speed as the national economic dynamics continue to move in a positive direction.

When October came to a close this week, the Austin area was back to normal as far as annual rainfall is concerned even though we began the year with a drought looming. What in the world happened in October? Why was it so wet?

Plain and simple, **October is a month of rainfall extremes**. In some years, frequent dry frontal passages keep the Central Texas area very dry. And in other years, autumn rainmaking systems bring us wet weather.

For instance, **in October 1952, not a drop of rain fell in Austin**. Yet, in October 1998, more than 12 inches of rain was dumped on the Austin area. In October 1987, we measured only 0.21 inches of rainfall, but **in October 1960, more than 13 inches fell on the area**.

By the way, when Austin recorded more than 12 inches of rain in October 1998, San Antonio was literally deluged with more than 18 inches (remember the flooding that occurred then?). **Other months are more predictable**. But don't put any money down on whether it will be a wet or dry year in the Austin area – until after October.

There are almost 8,000 new people in Austin who weren't here a couple of months ago. Who are they? And how do they differ from you and me?

There are 7,936 (to be exact) new freshmen at UTAustin – the largest number of freshmen to ever hit Austin. **If you run into any of them, or are trying to market to them**, you may be surprised to realize that these 18 year olds (born in 1983) have a different perspective – very different – from you or me.

Consider these bits of information. They are too young to remember the space shuttle blowing up. **Their lifetime has always included AIDS**. Bottle caps have always been screw-off or plastic. The CD was introduced the year they were born.

They have always had an answering machine. They have always had cable TV. They cannot fathom not having a remote control. **Jay Leno** has always been on the Tonight Show. **Popcorn has always been cooked in the microwave**. They never took a swim and thought about Jaws.

They can't imagine what hard contact lenses are. They don't know who **Mork** was or where he was from. They never heard: "**Where's the beef?**," "**I'd walk a mile for a Camel**," or "**de plane, Boss, de plane**." They do not care who shot J. R. and have no idea who J. R. even is. McDonald's never came in Styrofoam containers. **Michael Jackson** has always been white. And they don't have a clue how to use a typewriter.

Where did this list come from? Well, the staff at Beloit College in Wisconsin puts together a list like this each year to give the faculty **a sense of the mindset of incoming freshmen**. For the rest of us, it's a reminder that we are getting older.

When Dallas Cowboy **Emmitt Smith** got his face on a Wheaties box for setting the National Football League record this week for career rushing yards, **Dr. Louis Overholster** said it was appropriate his offensive line was also recognized: inside the box, the cereal is sacked!

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