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Dear Client:

Throughout its history, Austin's population concentration has revolved around roadways. Now, for the first time in modern times, another population trend is likely to start in Austin.

One of the biggest shifts in housing since Americans began moving to the suburbs during World War II is starting to take place around the nation, and as a result of voters' decision three weeks ago, Austin is poised to be affected by this movement.

When commuter rail was authorized, it was more than a decision to provide transportation to Central Texans, **it will have an even more profound effect – it will provide an impetus for a re-concentration of our population.**

“Over the next twenty years, at least one-quarter of all American households are likely to seek housing near transit,” predicted **Jennifer Dorn**, administrator of the Federal Transit Administration. If true, this is huge in its implications for Austin. Those who think *short-term* see this as a way to move people from point A to point B. **Those who think *long-term* see this as an opportunity to make money.**

“There is a potential to more than double the housing in transit zones,” said Dorn. “If the demand for such housing can be met, transit-oriented development has the potential to become an unprecedented catalyst for economic growth. In city after city and study after study, researchers have found **the value of residential and commercial property is higher the closer it gets to transit.**”

Skeptics will point to Texans' dependence upon the auto. And this is a powerful force. But it does not necessarily preclude those who desire to move around *without* a car – especially in areas of fast growth with auto travel times growing lengthier and lengthier (does this sound familiar to Austin motorists?). The two lifestyles are not mutually exclusive. In fact, Dallas is finding the two lifestyles can live together compatibly – and **forward-thinking Dallas developers and investors are already moving to build housing near rail transit stations.**

Austin's rail effort is in its most embryo stage, but as you know from our 11/05/04 edition, plans are already afoot to expand what was approved 11/2/04. We try to keep you ahead of the trends, so for your long-range planning purposes, repeat after me: **“location, location, location may some day be synonymous with commuter rail development in Austin.”**

The Dallas model could be a case study for what Austin will become — now that commuter rail is a reality for the Capitol City. And Dallas is a Texas example, not a northeast comparable.

Public transit was not supposed to be such a hit in car-oriented North Texas (sound familiar to Austinites?), according to *The Dallas Morning News*. “So when the first lines of the light rail system opened in the 1990s, **developers were late for the train,**” the *News* reported. “But after the success of residential projects such as Mockingbird Station near Southern Methodist University, local builders warmed to the idea.”

“They were a pretty quick study group,” longtime real estate consultant **Ron Witten** told the *DMN*. “Whenever there is a successful project, it quickly becomes a ready target for other developers to follow.” The Eastside Village apartment and retail complex, which opened in 2001 next to Plano’s downtown DART (Dallas Area Rapid Transit) station, proved to builders that **transit-themed development wasn’t just an inner-city trend.**

“I think everyone now generally recognizes that building near transit is a big positive,” said **Robert Shaw**, who built Eastside Village and a second rental community nearby. “**It’s like waterfront property** – it’s physically limited and can’t be duplicated just anywhere.”

What they found in Dallas is **one of the misconceptions about rail transit: those who live near the stations use rail to commute to work.** Shaw found that a relatively small number of residents in his Plano apartment projects commute to work via the light rail system, but they value being close to it. “We think 15 to 20 percent of our residents are regular DART users, and that will grow over time. Having DART light rail access is something they still want, whether they use it or not.” This is a powerful statement. Those who flock to these areas (and make them economically viable) don’t necessarily give up their cars.

The same may be said about *downtown* Dallas, where developers have built almost 2,000 residential units in the last 10 years. Another 2,000 apartments and condos are in the pipeline. Downtown dwellers don’t commute to work, but they still use rail. “**Because we don’t have all the amenities we need downtown, people will get on DART and go to Cityplace and Mockingbird Station and elsewhere,**” **Nancy Hormann** of the Central Dallas Association told the *DMN*.

All this confirms our thesis about population re-concentration. **Residents in other cities have found rail transit neighborhoods an attractive place to live.** Investors, landowners, builders and developers will create housing where the demand is. Dallas and many other US cities are experiencing this **trend that may find its way to Austin.** The final proof of the pudding: “More developers are interested and want to know where the new lines are going,” said **Cheri Bush**, a senior planner for DART. “People call us who want to develop and want to talk to us about what transit-oriented development is.” Take note: this could be part of Austin’s future.

As the Austin area continues to lead the state with the lowest jobless rate, a Texas economist reports the number of people working in the US for foreign companies exceeds the number of US jobs that have been “outsourced” overseas.

In fact, Texas economist **Ray Perryman** points out “the practice of off-shoring actually creates more jobs in the US than it costs.” He also notes that “through the enhanced efficiency afforded by off-shoring,” companies have fared better and expanded (or remained viable) domestically.

Even though this may be true, try telling it to a high tech worker in Austin who lost a job because it was outsourced to India. (This old saying still rings true: **if your neighbor loses his job, it’s a recession; if you lose your job, it’s a depression.**) Off-shoring was bandied about quite a bit during the political crazy season, but even as the practice continues, the job situation in the US is getting much better.

“This trend is expected to continue, with some dislocations of workers, but no true threat to overall job creation,” according to Perryman. “For newly minted college grads, experienced professionals out of work, and all of the job seekers, **the tide has clearly turned. This economic recovery is no longer jobless** (and hasn’t been for some time), which is good news indeed.”

The good news continues in the Austin area. For a year now (even though you could find a lot of “woe is us” hand-wringing among the pessimists), we’ve told you **the Austin area unemployment has been leading the state and moving in the right direction – downward.** The most recent month – October – was no exception. And, once again, the Austin metro is outperforming the other major Texas metros.

A year ago, our 5-county unemployment rate was 5.3%. **In October 2004, we had dipped way down to a three-year low of 4.1%.** It’s even more impressive when you see how we compare to our Texas peers. Take a look at these comparable monthly totals (with last year’s numbers in parentheses): Dallas, 5.5% (6.6%) ... El Paso, 7.1% (9.3%) ... Fort Worth-Arlington, 5.0% (5.9%) ... Houston, 5.6% (6.5%) and San Antonio, 4.5% (5.3%).

But what about salaries? **Are the jobs being filled simply that of a burger-flipper?** “Starting salaries are trending upward,” Perryman reports. “In many disciplines, increases of 3%-5% over the last year were observed.” What about the types of jobs we see here in Austin?

Once again, we turned to Perryman for some examples: Computer science grads are enjoying a significant boost of more than 4% and average offers to information sciences graduates were up almost 11%. Elsewhere, business administration grads initial salaries are up more than 6% on average and selected other majors are seeing notable gains. As Perryman put it: **“Demand for new hires is boosting salaries across a spectrum of occupations,** a clear sign of recovery in the job market.” And the Austin area continues to lead the way.

Had enough of the post-election analysis of “moral values,” why Bush won, why Kerry lost, etc.? Here’s one final twist you haven’t seen -- Bush strategists call it their secret weapon.

The strategy didn’t focus on the *message*, but on the *delivery system* of the message. And it could change the way campaigns are run in the future. It boiled down to the media used to reach GOP voters to be sure they turned out in record numbers to vote. The conventional ad methods were scaled way back and a new strategy implemented after a **four-year independent study of 200,000 voters a year in 75 markets**. This was a massive study – most nationwide polls only talk to 2-5,000 voters – and the Kerry camp could have bought the same study. They should have, because it revealed some interesting information that drove the Bush ad buys.

Among other things, the research showed Republicans prefer college football over pro football. It disputed a lot of conventional wisdom and showed some other surprises. And it confirmed the **“traditional ad buys,” such as local and national news, have a higher percentage of Democrats watching**. But the Bush campaign wanted to reach primarily Republican voters – to be sure they voted.

So instead of spending 95% of its ad dollars on spot TV as it did in 2000, it allocated only 75% and placed the remainder on national cable and radio. Cable nets such as the Golf Network, A&E, ESPN, etc. – instead of cable news — reached a large GOP-inclined audience. But radio was the key. It turned out to be **the most extensive radio outlay for political ads in the modern campaign era**. The Bush campaign bought ads on small town radio stations, including Christian, Hispanic and farm-oriented programming. Radio, because it targets so narrow an audience, is likely to be an even greater medium for political ads in the future.

There was more, but you get the idea. Of course, practically all the ads were run in the battleground states, so Texans were not able to see what was happening at the time.

This Thanksgiving holiday, **Dr. Louis Overholster** is following the Omar Khayyam philosophy: A jug of wine, a loaf of bread – and to hell with the Atkins Diet!

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