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Dear Client:

**It hasn't been trumpeted much, but the employment picture in the Austin area is quite good and the trend is very positive as the area passed a significant milestone.**

The Austin-Round Rock MSA, at year-end, had more people working, fewer people unemployed and less folks receiving unemployment benefits. The area **led all the state's major metros** as it passed a milestone when its unemployment rate dropped below 4%.

The preliminary numbers are impressive. **In December 2005, the Austin-Round Rock metro notched a 3.9% unemployment number.** This compares to 4.7% in December 2004. (Because of seasonal fluctuations in employment, the best comparative numbers are year-to-year, rather than to the previous month. Still, the Austin area dipped significantly from November's 4.2%).

**Where did this 3.9% figure place us in relation to others?** Well, the US unemployment in December 2005 was 4.6% ... Texas recorded 4.8% ... San Antonio, 4.3% ... Dallas-Fort Worth-Arlington, 4.6% ... Houston-Baytown-Sugar Land, 5.3% and El Paso at 6.0%. **Austin is the leader of the pack.**

Our metro area, as you know, is composed of five counties that are interrelated economically. They all performed well: Bastrop, 3.9% ... Caldwell, 4.4% ... Hays, 3.6% ... Travis, 4.0% and Williamson, 3.8%. So the **economic benefit is spread somewhat evenly** throughout our metro.

When you break it out city-by-city, it is also revealing. Obviously, the job situation in some of our cities is better than others, but there are no major problem pockets. Some examples: Austin, 3.9% ... Georgetown, 3.8% ... Round Rock, 3.5% ... **San Marcos, an impressive 2.8%**. December is a big retail month, and San Marco's low unemployment was obviously helped by hiring at the outlet malls.

Unemployment numbers are somewhat numbing, but they provide a good way to **keep score**. Even more importantly they allow us to **track the vibrancy of our economy**. Jobs are the backbone of our economy and, luckily, the job base here is quite diverse – from governmental payrolls, to manufacturing, to service, to high tech, etc. We're not a "one-company town," so to speak. As a result, the growth in jobs is steady and solid with a broad underpinning. This **strong year-end showing** bodes well for the immediate economic future of the Austin area.

**Speaking of jobs, here are some interesting facts you can use to spice up your discussions (arguments) about how hard employees are working (not working) these days.**

The US Department of Labor reports the average **productivity of the American worker has gone up more than 50%** over the last 18 years. This is fairly significant. Looking at the period from 1988-2005, productivity – defined as output per hour of work – is an important measure of the end result that can be expected from an hour's work.

According to the Labor Department, this means the **quantity of work done in 1987 during a 40-hour work week could now be completed in less than 27 hours**. It's not clear how the government arrived at this, but it has come during a time of development of better, faster and more convenient tools to support the worker, such as computers and cell phones. So, technology has to be a key component of this equation.

Another important aspect that should be factored into any discussion of the increase in job productivity is how much employer's costs have gone up. Again, citing the Labor Department, the average American worker has received **wage hikes of a little more than 3.4% each year** during 1986-2005. This outpaces **inflation which grew at 3.0%** during the same period. The big kicker for the employer, though, is the cost for benefits (health insurance, retirement plans). The **benefits costs have jumped 4.6% each year** during this time frame.

**From workers to workplaces. Various downtown Austin office buildings are being hit by thieves with a unique approach. They can easily expand their territory.**

We're told there are several small groups – usually a man and a woman – **posing as art dealers**. They show up unannounced and ask to speak to the Office Manager or the person in charge. If they are left alone while the receptionist is looking for that person, the thieves strike.

Usually, they grab and go. **Receptionist's purses are a favorite target as are laptop computers**. When the receptionist returns, the couple is gone, taking the stolen objects with them. If there is no one at the front desk, they appear to be comfortably wandering around the office until they bump into someone, and they agree to leave if the person is not interested in talking to them about art. In other words, they don't make a commotion while on the premises.

According to descriptions obtained after the fact, one woman may be working with several different men as they make their rounds. She is described as having red dreadlocks. While the initial reports came from downtown office buildings, **this type of crime is easily perpetrated in any office building, anywhere**. So it is prudent to be sure proper precautions are taken – especially in non-secure, easily accessible areas.

**There has been a 41% increase in the number of people living downtown from 2000-2005. The number could almost double in just four years, counting only the construction projects already underway.**

According to the Downtown Austin Alliance (DAA), residential activity and capacity in downtown are growing vibrantly. Some of the projects on the ground, and on the board, for 2006 include:

**The Milago on Town Lake.** A 13-story condo building overlooking Town Lake, with units priced from the \$170s to the \$700s, has a spring 2006 completion date.

**Gables Park Plaza.** 314 apartments, 100 condos with some retail and office is slated to start construction later this year.

**Red River Flats.** Construction is getting underway on a 4-story, 122-unit multifamily project at the site of the former Reddy Ice plant on Waller Creek.

**AML Residential Tower.** This mixed-use building will have 231 residential units with street level retail and restaurant and above-ground parking.

**ZOM Austin 1.** Overlooking Shoal Creek, this mixed-use development will have 297 residential units and street level retail. Construction will start in early 2006.

**La Vista on Lavaca.** Construction will begin in early 2006 on an 8-story unit with 16 condos, 1<sup>st</sup> floor restaurant and a 3-floor Executive Business Center.

**101 Colorado.** This 28-story tower will include 190 apartments and retail space with 6 3-story townhomes fronting Cesar Chavez St and Town Lake.

**721 Congress.** A 1-story building will grow to a 6-story mixed use building featuring 16 condos, a restaurant and office space.

**501 Congress.** This 41-story tower will be the city's tallest building containing stores, a luxury hotel, condos and apartments. Construction starts mid-2006.

**Spring.** A 36+ story condo tower will have shops on the ground floor and 220 residential units priced from under \$100,000 to \$400,000. Mid-2006 start date.

**Third and Nueces.** This 520-ft tall, 421-unit high rise with ground floor restaurant and retail is being built on a site overlooking Shoal Creek.

There is more – all of it, according to DAA, adding up to enough space for **10,411 residents downtown by 2009** (averaging 1.7 residents/unit). The current number of residents is 5,445.

**This Wednesday, 2/8/06, was the mile marker that indicated 1,000 days remained until you voted for the next President of the USA. And presidential wannabes are already heading to Austin or trying to book a trip.**

Yep, can you believe it, less than 1,000 days remain before the November 4, 2008 Presidential General Election. Those who want to live in the White House are starting to scurry around, specifically scarfing up campaign cash. For instance, six-term Delaware Democrat Senator **Joe Biden** is attending a cocktail reception 2/23/06 at the Austin home of **Nancy & Bob Inman**, co-hosted by **Melanie & Ben Barnes, Audre & Bernard Rapaport** and **Wayne Reaud**. The tab: \$250, \$500 and \$1,000.

With President Bush forbidden by law from seeking a 3<sup>rd</sup> term, the contest is wide open at this stage. Other Democrats besides Biden who are mentioned, include Senator **Hillary Rodham Clinton**, former Dem nominees **John Kerry** and **Al Gore**, New Mexico Governor **Bill Richardson** and former Dem VP nominee, **John Edwards** (who is trying to book an Austin trip in May or June).

Republicans are talking about Senate Majority Leader **Bill Frist**, former House Speaker **Newt Gingrich**, former New York mayor **Rudy Giuliani**, Senator **John McCain** and Secretary of State **Condoleezza Rice** as potential Rep nominees. Other names will also be bandied about – in both parties.

Here's an interesting tidbit you can use to wow your friends: **There has been a Bush or a Clinton running on the Republican or Democratic ticket (as a Presidential or VP candidate) in every election since 1980.** Think about this. And if Senator Clinton is on the Dem's ticket in 2008, this would make eight – count 'em, eight – consecutive elections with either a Bush or a Clinton in the running. How about that for some trivia!

When a patient walked into **Dr. Louis Overholster's** office, he was asked by the good doctor to tell him what was wrong. The patient's response: "My memory's not as sharp as it used to be. Also, my memory's not as sharp as it used to be."

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