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Dear Client:

You know the Austin area is growing at a fast clip. But did you know that, in less than 35 years, Austin-Round Rock is projected to surpass San Antonio to become the third largest metropolitan area in Texas. And San Antonio is not sitting still, by any measure.

The Office of the State Demographer recently revised the post-2000 census population projections for Texas, and all its counties, from 2000 to 2040. The findings of **Steve Murdock** and his staff are significant and hold enormous implications for you.

The 5-county Austin-Round Rock metro area (with a 2000 population of 1.2 million) is projected to more than double in size with a population between 2.7 million and 3.5 million by 2040! This will make the Austin area the 3rd largest metro area in Texas, surpassing San Antonio, whose 1.7 million 2000 population will grow to between 2.5 and 2.8 million by 2040.

Dallas-Fort Worth-Arlington and Houston-Sugar Land-Baytown will also more than double and retain their #1 and #2 population rankings. San Antonio slips to 4th and, surprisingly, the lower Rio Grande Valley metro area of McAllen-Edinburg-Mission will surpass El Paso to become the 5th largest Texas metro. All five metros are projected to have more than a million people by 2040.

All this will be taking place in a state that, itself, will see a population explosion. Murdock foresees that by 2040 **Texas will be a state that is at least twice as large as in 1990 and may be more than three times as large** if it hits his more bullish estimate of 51,707,500 population. In 1990, Texas population was 16,986,510.

Not all population growth is equal, as you have just seen. Some smaller areas could actually *lose* population during this scenario and face different challenges. **“For areas in East, Central and South Texas, the challenges will be to provide the services and infrastructure necessary to accommodate rapid growth –** while for rural areas in the Panhandle and West Texas, the need for enhanced levels of economic development will be essential if services (and populations sufficient to support such services) are to be maintained,” Murdock warns.

We'll examine what this growth means in the next item.

The population growth of Texas between now and 2040 will substantially exceed that of the nation. To put it in perspective, if the state demographer's projections are realized, the actual population *increase* in Texas will be greater than the entire population of California in 1990.

It will be as if you moved everybody living in California in 1990 to Texas by 2040 (though some wags may claim the number of Californians in Austin alone already exceed that number!). This is amazing in anybody's book. But the implications go beyond just the number of bodies standing in the grocery checkout line, using government services or zipping down our roadways. By and large, **Texans will be older – much older – and more diverse.**

The analysis conducted by State Demographer **Steve Murdock** and his staff turned up a couple of scenarios that bear examination. First of all, we've told you for years about the projected ethnicity changes in Texas (more about that in a moment). But the eye-opener is the **substantial aging of the Texas population.**

Texas and Austin in particular have long been classified as having a "young" population. This is about to change. The median age of Texans was 32.3 in 2000. It is projected to become anywhere between 38.1 and 38.6 years of age by 2040. Doesn't sound like much at first glance. But, let's break it down further.

The population 65 years and older will become at least 15.9% of the population by 2040 (another scenario places it as high as 18%), compared to 2000. As a result, **the population 65 or older that was about 2.1 million in 2000 could be as high as 8.2 million by 2040, increasing by a whopping 295%.** No other age group shows as large an increase.

This shows up in the projected ethnic breakdown as well. Texas became less than 50% Anglo in 2004 and will become a majority Hispanic state well before the 2040 benchmark. And, although populations in all racial/ethnic groups will age, **the Anglos in Texas in 2040 will, on average, be much older than Hispanics or Blacks,** according to Murdock.

Another interesting racial/ethnic tidbit: while Black, Hispanic and other racial/ethnic categories will increase dramatically during Texas' population explosion, the actual numbers of Anglos will *decrease*. In fact, **the Anglo population in Texas will be smaller in number in 2040 than in 2000.**

Now overlay all this on what we mentioned in the first item – *where* these older and more diverse people will be living in Texas. Generally, the major metros – Austin-Round Rock as much as any – will bear the brunt of the problems and the opportunities that come with such significant changes. And, remember, **this is not something way out there in the future. It is happening now.** The State Demographer is using current growth trends as part of his projections. So, we're in the midst of this population explosion and change as we speak. As the TV commercial says: "Life comes at you fast!" And it will probably speed up.

“We have high-rises popping up like weeds,” says one long-time Austinite. Does this mean it won’t be long before you will not be able to see that powerful symbol of Texas heritage, the State Capitol?

A man who during his half-century living in Austin has been a top aide and confidante to Texas governors, including **John Connally**, a man who has a leadership role with the Heritage Society of Austin and a man whose late wife headed up the state’s Main Street preservation and restoration program uttered the quote above. **Julian Read** also told a Houston reporter “We don’t want Austin to turn into Chicago. The thing that has made Austin what it is is its openness, its charm. **We don’t want it to become a cold canyon of high rises.**”

Read is concerned the City of Austin is “revisiting” the policy that leaves open sight-lines from various directions so the **view of the State Capitol will not be obscured by tall buildings**. Since the 1980s, developers have been bound to follow building height and density restrictions in the areas surrounding the majestic State Capitol.

Lately, there has been discussion about **modifying the view corridors** so taller buildings may be constructed in and around downtown, where they are now prohibited. At the same time, the City of Austin is aggressively pursuing policies to encourage the **growth and development of the downtown area**. It could be getting close to a classic case of **one policy endangering another policy**.

Those in favor of filling-in some of the view corridors argue there is **very little remaining space outside the view corridors to build economically feasible apartments or condo projects**. This is especially true if you want to implement another City of Austin policy that encourages “affordable” housing in the area. And they further argue a policy, such as the view corridor concept that has been in place through decades of change, should be reviewed.

The State Capitol was completed in 1888. But it was not until the 1960s when the eminent architect **Edward Durell Stone** was brought to Austin to design the Westgate apartment building, adjacent to the west property line of the Capitol grounds. There was a big hubbub (one legislator said it won’t be long before dirty laundry would be hanging from the balconies facing the capitol), but it soon died down. Then, a century after the State Capitol was occupied and soaring office buildings were erected downtown, view corridor legislation was passed.

And this is the key to the current debate: *legislation*. You see, because the view corridors were set up as a legislative act, **it will take action by the Texas Legislature to make any changes**. In other words, the City of Austin cannot act unilaterally to make any changes.

As the city debate and discussion continues, bear in mind it will take a majority of a sometimes-unfriendly-to-Austin Legislature to finally make any modifications.

There's just one small problem with the new, faster tram that moves passengers between gates at terminals at Dallas/Ft. Worth Airport – some passengers get to their planes before their luggage makes it.

It's primarily a problem involving the smaller, commuter carriers, with a double-whammy. Airlines have **shortened some of the required "connection times" between flights at D/FW** because of the faster tram – making it more difficult to transport the baggage from one plane to another in the timeframe. But there's another problem. Because the commuter jets are now flying greater distances with more passengers, some luggage is being left behind *intentionally* so the planes, loaded with fuel, are not overweight, according to *The Wall Street Journal*.

American Eagle, which flies its 55-passenger Embraer 145 jets out of Austin-Bergstrom International Airport, saw its **mishandled baggage rate soar system-wide by 68%** in October over October the year before. The airline said one-third of its fleet at times was overweight. So American says it is modifying the smaller aircraft to give each plane an additional 1,300-pound carrying capacity.

Baggage problems for commuter airlines are minimal compared to the loss in passengers by Delta and Northwest at Austin-Bergstrom International Airport.

Delta Air Lines passenger traffic at ABIA was down 18% in November 2006 and for 11 months of 2006 its passenger totals dropped 15%. Northwest Airlines was off 11% in November and its 11-month tally was down a whopping 26.5%. **These totals ran counter to the market itself**, where November passenger traffic was up 6% compared to a year ago and up 7.4% for the 11 months of 2006. Clearly Delta and Northwest have pulled in their Austin horns, big time.

Dr. Louis Overholster has started a new organization in Austin for couples whose kids have all graduated from college, eloped to get married and then moved to other states. He calls the group Parents Without Problems!

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