

THE

*Neal Spelce*

# AUSTIN LETTER

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Dear Client:

**Texas Governor Rick Perry is raising campaign money, but to what end? He's indicated he's running for re-election, but part of his pitch sounds *national* in nature.**

Pointing out that Texas is “the most Republican large state in the country” as he speaks to national issues, he likens his effort to that of another former GOP Governor, **Ronald Reagan**. “I am determined, even if Texas becomes the last reservoir of red state governance, to **chart a course to fiscal conservatism** that serves as a steep contrast to the profligate spending of the Democrat-controlled federal government,” he said. Then the clincher:

“The Reagan Revolution started about as far away from Washington as you can imagine – **in a governor's office** in Sacramento, California. That's because conservative change always emanates from **outside Washington**. **I lead a state that, at least culturally, is about as far away from Washington** as any state in the nation,” said Perry.

“This is not the time for timidity – but for bold ideas that crystallize the differences between two opposing philosophies,” he continued. “**We cannot merely object to socialized medicine, we must offer consumer-driven alternatives**. We cannot simply say ‘no’ to the failed status quo in education, but provide a vision that empowers parents and educators to offer a better product that prepares more students for the jobs of a high-tech economy.”

Perry further zeroed-in on the national picture with these words: “**And we cannot allow the true party of big government and spending deficits – the Democrat Party – to cling to the mantle of fiscal responsibility** simply because Washington Republicans blew it with twelve years of exploding earmarks and spending sprees.”

**You could make the case that this sounds like someone jockeying for a national leadership role as the GOP is searching for new direction** in the wake of the Democrats' big November victories. Perry's name is mentioned *occasionally* in the list of new GOP leadership. Maybe he is angling to be mentioned *frequently* — with an eye toward making his mark on the national scene with who-knows-what as a specific goal. It's especially interesting because he may face a tough intra-party primary battle with USSenator **Kay Bailey Hutchison** if he seeks re-election.

**As 2008 nears an end (did you say, thankfully?), it's instructive to take note of what has happened to the dynamic Central Texas area.**

In the nine years since this century began (2000-2008), **the population of the area has increased by an impressive 26%** — growing from approximately 1.3 million to 1.7 million. So where did these people settle down and, importantly, where did they come from?

As far as location is concerned, **most settled within the city limits of Austin**, as you might expect — because this is where the majority of the jobs are located. But what was the breakdown? Out of every 100 new residents, 22 selected to live in Austin.

**The 2<sup>nd</sup> most popular location — 17 out of every 100 — was the unincorporated areas of the various counties** within the Capital Area. And the 3<sup>rd</sup> most popular location was in **Round Rock**, where 11 out of every 100 newcomers chose to make a home.

Even though most studies report that Texans are fleeing the countryside for city living, it is interesting to note that **one out of every five Capital Area residents lives in a rural area**. Many of these are getting the best of both worlds — living in a rural setting, but with the amenities of metropolitan life nearby.

Alright, where are all these new residents coming from? California is not as big a source of these new Central Texans, as in the past. In fact, CAPCOG (the Capital Area Council of Governments that supplied most of this data) reports that **“California makes up only a small percentage of the total number of people moving to the region each year.”**

So, who are these folks who have moved here since 2000? The majority of them are Texans, that's who. **On average, 57% of new residents in Travis County and 65% of new residents in Williamson County come from other places in Texas.**

In other words, **the majority of those folks moving here are more like those already living here** — rather than coming from distant states with differing lifestyles. (Of course, there are those who will argue that a family moving to the city of Austin after never leaving Bosque County, Texas is coming from a vastly different lifestyle. But they are, after all, Texans.)

The growth of the Austin area is nothing new. It has long been noted that Austin has doubled in population every 20 years or so. The reasons for the population increase have varied some over the years, but it is always **instructive to understand where the growth is coming from and where these new settlers are settling in.**

**For an area to be economically healthy, job growth needs to parallel population growth. So, if more people are moving to the Austin area, what are the prospects for more jobs in 2009?**

Even with a slowdown in the Central Texas economy and a recession across much of the nation impacting many businesses negatively, it appears that – by one measure – **jobs will continue to be created in the Austin area as 2009 unfolds.**

One survey sampled businesses in the five county Austin-Round Rock metro area. And it indicated as many as **15% of the firms surveyed will add jobs during the 1<sup>st</sup> quarter 2009.** This was a national survey of the country's 200 largest metro areas and was conducted by the employment services firm, Manpower Inc.

Additionally, Manpower found about **70% of the employers in the five counties said they expected staffing levels to remain the same – no layoffs.** It did find that 10% anticipated they may cut jobs, while 5% were unsure what they would do in the 1<sup>st</sup> quarter 2009.

There's no reason to question the survey because it is simply reporting what Central Texas employers said. However, a word of caution should be expressed. Volatility has been a key word in the national economy during the last half of 2008. The businesses revealed their plans for 2009 *at this time*. **It would be naïve to think those plans couldn't change, due to the volatility and uncertainty permeating the economy.** So while this is a good economic sign for the Austin metro as 2008 winds down, it certainly bears watching closely.

**The technology sector was a major contributor to the severity of the previous recession that rocked Austin. Ironically, it is one of the current strengths of the area economy.**

**Beverly Kerr**, the VP/Research for the Austin Chamber, points out that economists like **Andrew Gledhill** with Moody's Economy.com have credited the tech sector for Austin's and Texas' *among-the-best-in-the-nation performance* this time around.

**Discount airlines Southwest and JetBlue in October jetted past their competitors in the race to carry more passengers at Austin-Bergstrom International Airport (ABIA).**

In what could be a sign of the economic times Southwest (up 11.5%) and JetBlue (up 77.5%) tallied more passengers at ABIA in October 2008 compared to the same time last year. **The other biggies – American (down 15%), Continental (down 12.5%) and Delta (down 16%) – showed a drop in market share.** October air travel at ABIA was down 2.5%, but remained up 3% for the year. November totals are not due for several weeks.

**'Tis the season for – computer hackers, scammers and thieves. And they are bolder and better at doing damage to you.**

Hackers and scammers are taking advantage of the holiday season by pretending to be customer service personnel from some of the biggest names in business including FedEx, UPS and Wal-Mart. They hope to gain access to computer drives, files and accounts to **steal your personal information such as Social Security numbers, bank or credit card numbers**. Here's what the Better Business Bureau (BBB) suggests:

**Shipping.** Hackers have created phishing emails which pretend to be from shipping companies claiming there is a problem. BBB advice: **Instead of clicking on the link in the email, go directly to the shipper's website.**

**E-Cards.** Holiday greeting e-mails are an extremely easy way to direct users to fake websites which install viruses and malware. BBB advice: As e-card emails are difficult to spot, **spelling and grammatical mistakes are a huge red flag**. Don't follow a link in an e-card if you don't recognize the sender's name.

There are other holiday scams out there, such as offers of holiday cash. Best advice: **never respond to unsolicited emails.**

Each year during our almost 30 years of publishing this newsletter, we have taken a bit of a hiatus during the last two weeks of each calendar year. Following this custom, our next newsletter will carry a January 9, 2009 date. In the meantime, we want to take this opportunity to hope that you get the most out of this holiday season. (But remember **Dr. Louis Overholster** warns you not to overindulge. As he put it: "Don't order the coq au vin and tell the waiter to hold the coq!")

Finally, we hope you approach the New Year with optimism during these uncertain times. *Not* like the pessimist Woody Allen who famously said: "More than at any time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness, the other to total extinction. Let us pray that we have the wisdom to choose correctly." Unlike Woody, stay positive in the New Year.

Sincerely



Editor/Publisher