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AUSTIN LETTER

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Dear Client:

You know Austin is smack dab in the middle of the Texaplex, don't you? Well, it is. And it is one of the most dynamic US regions now — and could be for the foreseeable future.

Draw a line from San Antonio, to the Dallas-Fort Worth area, to Houston and back again to the Alamo City. **The resulting triangle, with Austin in the middle, is now dubbed the Texaplex.** Each side of the triangle measures roughly 300 miles. What's so great about this Texaplex? Look carefully at the following information and imagine the future.

This densely-packed Texaplex is home to roughly 80% of the state's population. Texas is America's fastest-growing state. In recent years, net domestic inflows have been running at around 150,000 people. At the same time, New York and California have seen net outflows.

Of the ten largest cities in America, three – Houston, Dallas, San Antonio — are in the Texaplex. And if projections are accurate, the USCensus next year is expected to show that Houston will replace Chicago as America's third city.

The Texaplex contains America's 3rd-largest airport and its 2nd-busiest port – the D/FW Airport and the Port of Houston.

An urbanologist based in California, **Joel Kotkin**, analyzed the best US cities for job creation over the past decade and found that **the Top Five job creation spots in the nation were the five main Texaplex cities** — Austin, Dallas, Fort Worth, San Antonio and Houston. A study by the Brookings Institution in June came up with very similar results.

Many of these observations were reported by **Christopher Lockwood**, writing in the UK's *Economist*. Many Texans with a little grey in their hair remember when Texas was largely rural and the economy transitioned from cotton and cattle to oil and gas concentrated in a few regions around the state. **Now, the Texaplex has emerged as the Lone Star State's economic engine.**

If you have to pick a local area, in the midst of a dynamic region and in a state that leads the nation economically, Austin is on your list. **Still, there are challenges for the future.** We'll examine how Lockwood sees the future needs of the Texaplex in the next item.

In spite of the enviable position in which the Texaplex finds itself, there are two big reasons to think the Texas model will need further revision.

This is the view of an outsider, **Christopher Lockwood**, writing in the respected United Kingdom publication, the *Economist*. After examining the positive aspects of the emergence of the Texaplex as ticked off in the previous item, Lockwood also looked at the challenges he found in the state. And, looking ahead, he said there are **two areas – one external, one internal – that should be addressed to ensure future success.**

Externally, Lockwood pointed out the global economy has become a much more knowledge-intensive place, with even the oil business turning into a high-tech industry. So far, so good. Most thinking Texans recognize this. To ride this wave, Lockwood says **Texas needs more and better universities and schools.**

He points out that the Kauffman Foundation, which promotes entrepreneurship, puts Texas only 18th in its ranking of US states' ability to take advantage of America's "transformation into a global, entrepreneurial and knowledge-and-innovation-based New Economy." **Texas falls down in a number of categories, most of them to do with education.**

Kauffman ranks Texas 41st for the education level of its workforce, as well as for the average level of recent arrivals from elsewhere in America — suggesting that too many newcomers to Texas are chasing low-end jobs. Hence, his recommendation that **Texas vastly improve its schools and universities.**

Internally, he cites the fact that in 2004 Texas became one of only four states in America where whites are no longer in the majority, pointing out that based on recent trends, **Hispanics will be the largest ethnic group in the state in less than a half-dozen years, by 2015.**

Despite the implications on future election results (Hispanics tend to vote for Democrats), he felt that an increasingly assertive Hispanic population "seems sure to demand better schools and health care." He reports that Hispanics "currently lag far behind the Anglos on any social indicator you care to name." For instance, he wrote, **close to half of Latinos in Houston fail to graduate from high school.**

"How Texas responds to these forces will determine its future," he said. **"Get it right, and the state will remain business-friendly and globally competitive, with high employment and a rising standard of living."**

"Get it wrong," he wrote, "and Texas could follow California (which 'flipped' from Republican to Democratic control in part thanks to rapid immigration) **down the road of high taxes and excessive regulation."** Observations from an international observer.

In four or five years, your cell phone will replace your office computer and phone. Far-fetched? Not likely. In fact, it is probable. And it's amazing what you will be able to do.

Our friends at *Kiplinger* point out that smart phones will be more reliable and able to handle many more chores. **New chips will speed processing and technology will make the airwaves less crowded. Battery power will be less of a problem** as handsets hold their charge longer. Meanwhile, **security fears are easing** as protection software becomes more reliable. In fact, data can be erased remotely if a phone is stolen or lost. So, how will your iPhone, Blackberry or Palm Pre be used in this brave, new world?

You'll soon be able to make PowerPoint presentations from your cell phone. What? Yep, just point your phone to the wall. No need to power up a laptop or use a projector.

Smart phones are especially useful for travel. Salespeople view sales records. TV repairers can see what the last service tech did. Building contractors may look at changes in design. Nobody has to go back to the office to file a report.

New iPhone applications are catching on fast: tracking FedEx shipments, scanning documents, viewing spreadsheets, converting text to speech, recording billable hours, approving travel requests, etc.

Blackberry is countering with: a credit card processor, a voice dictation recorder, a call time tracker to bill customers, an expense account writer, financial software, etc.

Many firms allow their own applications to be downloaded to smart phones: customers make their own reservations online for hair salons and restaurants, realty firms give home hunters pricing and location for various neighborhoods, Nationwide lets car drivers in accidents take photos and begin insurance claims, Pizza Hut patrons go online to pick toppings, owners of Schlage locks can even open the front door from afar when kids lose keys.

Retailers are moving to m-Commerce — mobile online sales. Consumers are starting to buy event tickets, travel packages and travel insurance over smart phones. Many firms are making sure their stores appear on Google maps. Some are offering coupons that can be redeemed without a printout. Others put up bar codes on posters, storefronts and other places – to be scanned by smart phones. Some phones will even translate posters into other languages.

See what we mean. In your brave new world, **you'll connect a phone to a monitor and keyboard, using the same computer for work and home.** Office and personal calls will be channeled to the same device. Callers will think you're at work when you're at the beach.

Austin's hospitality industry is suffering during this downturn, though not nearly as badly as other cities. Hotels are scrambling for current and future bookings as businesses have slowed or cut back on scheduling meetings.

Hotels in cities all over the nation, especially those located in extravagant tourist/meeting destinations, are feeling the pinch. And most report they don't know when the turnaround may come. **This is why it is important for a city to get an edge, any edge, in booking what little meeting business is still out there.** Meeting planners have their own trade groups and they read their own trade publications about the business of holding meetings.

One such publication is called *Meetings South*. It published a glowing story about Austin recently that surely will **get the attention of its meeting planner readers.** Even if the reader just reads the first two paragraphs in the lengthy article, the message soars home about Austin's attractiveness. Consider the first words:

"There's no real secret to Austin's long-running popularity as a choice travel destination. This Central Texas gem shines on by simply being its easy-going, fun-loving self, relaxed in its skin and always true to character.

"Unsurprising are Austin's many high or top rankings in areas such as eco-friendliness, the outdoors, culture and work-play balance. While not born in Austin, adopted son **Lance Armstrong** was quoted as saying, 'I got there as fast as I could'."

Picking up on the bad publicity of perceived extravagance of meetings and conferences, the article quotes **Roy Benear**, SrVP of the Austin Convention & Visitor Bureau, who pointed out that Austin did not fit that mold: **"Companies know they can still count on a great experience, while not having to account for the trip to the board of directors."**

On his birthday, **Dr. Louis Overholster** said "I don't need you to remind me of my age. I have a bladder to do that!"

Sincerely



Editor/Publisher