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Dear Client:

An Index that tracks data to foretell economic change *before* it occurs is looking positive for the State of Texas.

It's called the Texas Index of Leading Indicators and it is compiled from eight different sources by the Federal Reserve Bank of Dallas. **The most recent update indicates improvement is continuing in the Texas economy.** This economic barometer is a composite of data that tend to change direction before the overall economy.

Looking back, the Fed's Index showed **nine straight months of decline in Texas until April 2009.** At that moment, the decline smashed into a wall and, in fact, the **Index edged up 1.5% in April 2009.** Since that time, the trend has been positive with only a minor blip.

The April uptick "was followed by **3.9% and 2.0% increases in May and July,** along with a moderate decline of less than 1% in June," pointed out **Beverly Kerr,** the Austin Chamber's VP/Research. "August, September and October's changes were fractional but positive," she added.

The last two months saw gains of 2.0% and 1.1%. As a result, **this widely-watched Index ended the year 12% above the low it reached in March.**

So, if this number-crunching is a predictor of what is in store, what about job growth? With regular headlines pointing out that **national unemployment numbers are high and staying high, what about the creation of new jobs in Texas?** What do the numbers seem to indicate?

The Federal Reserve Bank of Dallas is suggesting that **Texas job growth may come in between 1% and 2% in 2010,** according to Kerr. This is very healthy, especially coming out of a negative situation last year. And it certainly is in stark contrast to what is going on elsewhere around the US.

Kerr also took note of another set of stats issued by the Dallas Fed. Without going into eye-glazing economic mumbo-jumbo about this separate report, she said "a simple extrapolation of this measure might indicate **Austin could return to growth in early 2010.** Well, here we are – in early 2010. We'll keep an eye on this for you to see how it turns out.

Another report is suggesting that Austin's robust employment growth is expected to resume in the coming months.

Job growth in the Austin area is expected to gain steam this year, according to a report from Marcus & Millichap. In fact, the report suggests that **Austin companies will expand local payrolls at a 2.5% clip with the addition of 19,000 positions.**

If this happens, it means the Austin economy will start humming. The result of this job growth will be felt in many areas. Since the Marcus & Millichap study was contained in the 2010 National Apartment Report, it pointed out that this will **fuel a 2.1% increase in apartment demand this year**, resulting in an improvement in vacancy to 10.6%.

Another effect: **job seekers will continue to come to Austin from areas around the US** that have been hit hard by the recession.

Look for the \$500 million renovation of Samsung Electronics chip manufacturing plant to wrap up a month ahead of schedule, probably in March. Hiring will soon follow.

Samsung is likely to hire 200 workers before production begins, which the company anticipates will begin in June. The plant is located in Northeast Austin. Workers have been converting the fabrication facility – called Fab 1 – into an annex for the neighboring Fab 2. They will be re-named Copper Fab and Main Fab. Lest you forget, this is a major operation. As a matter of fact, it is the **largest chip manufacturing plant in North America.**

Job growth is nothing new for Austin and the state of Texas. In fact, a quick look-back shows Texas created more *private sector* jobs than any other state in the US over the past 10 years.

Not only were more jobs created during that 10-year period, but **Texas had the lowest unemployment rate among the 10 largest states in the nation.** Citing the US Department of Labor Bureau of Labor Statistics, the Texas Workforce Commission narrowed down the most recent numbers to compare December 2009 to December 1999.

Those figures showed **Texas created 724,300 more net private sector jobs**, the largest private sector job gain nationwide over the last decade.

It's important to point out that these are *private sector* stats. **The Austin area, as you well know, has a huge percentage of its jobs in the public sector.** The State Capitol, as well as the large state university and other educational enterprises, form a solid core of jobs.

All the hype preceding next month's Academy Awards extravaganza will underscore that two neighboring states are beating Austin and Texas as locations for many major movies.

It's especially galling that Oscar favorite "Crazy Heart" was shot in New Mexico. **If ever there was a movie that should've been shot in Austin and in honky tonks and run-down motels around Texas, it was "Crazy Heart."** The story is about a washed-up, heavy-drinkin' country music singer. And it contains a lot of original country music throughout the film.

Jeff Bridges is nominated for the Best Actor Oscar for his role as down-and-out Bad Blake. And **Maggie Gyllenhaal**, his love interest in the film, is nominated for Best Supporting Actress. Both are very believable and turn in award-worthy performances. And the "look and feel" of the film is Texas to the core.

To rub salt in the wound, the theme song from "Crazy Heart", called *The Weary Kind*, also has Austin connections. It is nominated for Best Original Song and has Music and Lyrics by **Ryan Bingham** and **T Bone Burnett**. Other original music throughout the movie was also credited to the late Austinite **Steven Bruton**, whose talent has been recognized worldwide for years.

On top of it all, it has been compared to the long-ago award-winning film, "Tender Mercies," that was shot in and around Houston. **Robert Duvall**, who won an Oscar for "Tender Mercies", was a producer for "Crazy Heart" and has a small role as a bartender pal of Bridges' character.

Yet, New Mexico was selected as the site for filming this flick. Why? Ka-ching!

New Mexico offers moviemaking companies the company store. Among its offerings: a 25% tax credit on all production expenditures made in the state; a 50% wage reimbursement for on-the-job training of New Mexico residents for crew positions; and a zero-interest film loan program, up to \$15 million per feature, with the state negotiating a piece of the back end.

Louisiana also is stealing film production revenue from Austin and Texas. Hey, movies such as **Oliver Stone's "W"** (about that Texas guy **George W. Bush**) are being shot in Louisiana, that also has a hefty package of incentives. Such as: 2.5% sales tax rebate and payroll credits of as much as 30%. Shreveport is becoming a mecca of moviemaking.

Frankly, with all the unbelievable technology gizmos these days, **filmmakers don't have to rely on authentic sites for filming.** The most egregious example of that is a \$70 million movie to be released in 2011 titled "Battle: Los Angeles," about aliens ravaging LA and environs. It was shot in Shreveport and Baton Rouge and the producers will swear you'll think it was shot in LA. How ironic is this: a film about the home of the film industry shot in Cajun Country.

In spite of all this, **Austin is still ranked #5 by Moviemaker.com as the best place to shoot movies and call home.** (Albuquerque is #1, LA is #2, Shreveport is #3, NYC is #4)

Interstate 35 is one of the deadliest stretches of roadway in the United States. It's crowded and traffic slows regularly due to various incidents. A little help is on the way.

The specific help is targeted for the portion of IH35 from Austin south to San Antonio – specifically **from Austin's Slaughter Lane crossing south to Loop 1604 in San Antonio.** What is taking place is the installation of message signs, triggered by cameras and sensors, to help motorists when there is a problem on this stretch of IH35.

A draft incident management plan has been developed by **key governmental and emergency agencies with jurisdiction between Austin and San Antonio.** The sheriff's offices of Hays and Comal counties, along with the police departments from the cities of San Marcos, Kyle and New Braunfels, have cooperated with the Austin-San Antonio Corridor Council on the plan.

What is involved? The plan calls for the **installation of 41 video cameras, 12 dynamic message signs and 23 traffic sensor stations.** The whole idea is to assist in managing traffic incident conditions on IH35 on the crowded and dangerous route between Austin and San Antonio.

First of all, **emergency responders need to have information as quickly as possible** where there is a wreck or some other traffic impairment. Secondly, to keep the problem from worsening, there needs to be **communication with the cars and trucks** that are converging on the scene of the incident, usually at a fast rate of speed and maybe bumper-to-bumper.

If nothing else, this communication system can help **soothe the nerves of frazzled motorists** who have no knowledge of what is happening if there is a major incident on IH35. And it can help local responders to **more effectively manage the many traffic problems that occur.**

As he observed the controversy surrounding Toyota's massive auto recall, **Dr. Louis Overholster** swears this motto is posted at Ford Motor Company: "It's good when you can learn from the mistakes of others, but it's even better when the others are your competitors!"

Sincerely



Editor/Publisher