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Dear Client:

Even as some Austin leaders are pressing for a plan to guide the city toward more densely-populated urban growth, current hard census data reveal the opposite – the Austin area is becoming more suburban.

For 16 months, city planners have been working on a 30-year blueprint for Austin's growth. And the Austin City Council is scheduled to endorse the plan any day now. **In broad general terms, the plan envisions changing city codes to guide growth into an urban core, such as South Congress Avenue.**

Under the title of "**Imagine Austin,**" a map has been developed that shows where additional growth is envisioned. There is no doubt it will be highly-controversial because of the many competing interests that will be impacted. But there's another problem. **It goes against current trends as families choose where to live. The Austin suburbs are winning.**

This is not simply a theory. The USCensus has just released some very telling statistics that show **Austin area residents have not bought into a high-density, urban-oriented strategy,** such as envisioned by Imagine Austin. Consider what has happened in the last ten years.

In the official 2000 USCensus, Austin's population in its core was 656,562 and the area suburbs had a population of 593,201. **More people lived in Austin's core than in the suburbs ten years ago.** But look at the new population numbers.

In the official 2010 USCensus, **Austin's core population was 790,390, but the suburbs had surpassed the core growth as suburban population skyrocketed to 925,899.** Sure there was growth in the core, but any way you slice it, this illustrates a dramatic trend toward suburban living in Austin.

Put it another way. **Austin's suburban population growth was three times that of the core – 133,828 in the core, 332,698 in the 'burbs.** Or if you prefer percentages, **Austin's core population increased 20.4% while the population in the suburbs grew by 56.1% — just in the last ten years.**

Let this sink in. It is very significant. We'll examine it further in the next item.

It doesn't matter how many maps are drawn or city codes that are modified, changing where Austin area residents choose to live faces a very difficult set of challenges. Especially if the change flies in the face of momentum going in the opposite direction.

The move-to-the-suburbs momentum is nationwide, contrary to popular rhetoric. **Joel Kotkin**, executive editor of www.NewGeography.com, says “**for much of the past decade, there has been a constant media drumbeat about the ‘return to the cities.’**” Urban real estate interests, environmentalists and planners have widely promoted this idea, and it has been central to the ideology of the Obama administration, the most big-city dominated in at least a half century.”

But after a careful examination of the 2010 USCensus figures that have been released so far from more than 20 states, **Kotkin suggests these urban zealots “need a serious reality check.”** In fact, he said “the Census reveals that, contrary to the ‘back to the city’ rhetoric, **suburban growth continues to dominate in most areas of the country.”**

Even in “smart growth” areas like Seattle and Portland, suburbs accounted for more than 80% of all growth over the decade, according to Kotkin. Seattle and Portland have frequently been cited as examples that Austin might emulate. Yet, their suburban percentages are higher than Austin. So, do these new numbers imply that Austin's surge to the suburbs may not have yet peaked? Good question.

Why are area residents choosing Austin area suburbs by almost a 3-to-1 margin over the core of the city? **The answer partially lies in two of the top factors homeowners most often cite when choosing where to live: schools and affordability.** Many will argue that the best schools are located in the suburban areas. And cost for a home? Again, the further you move away from the core of the city, homes in general are more affordable.

Those pushing for the Imagine Austin blueprint for growth have a bigger job than just drawing up a map and a plan (even one that includes incentives and code changes), if they anticipate getting results and totally reversing a current trend.

In addition to America and Austin becoming more suburban, what else does the Census tell you about the future? Hint: Austin is in what is being called an “Opportunity Region.”

Population growth slowed in previously burgeoning states like Florida and Nevada. In contrast newcomers flocked to places that offered better prospects. **Austin, San Antonio, Houston and Dallas-Ft. Worth regions grew by 20% or more over the decade** – leading these areas to be dubbed “Opportunity Regions.” **The key for these Texas cities is affordability and jobs.** Texas private sector jobs growth last year was 2.7%, compared with 1% nationally. Austin and the other major Texas metros are at the epicenter of future “opportunity.”

A solid example of the state's leadership as an economic force is a report released this week that counted 424 economic development projects in Texas during 2010, to lead the nation.

Texas won the 2010 *Site Selection* magazine's Governor's Cup for having **the most new and expanded corporate facilities during the past year**. This was not a beauty contest. Conway Data, the publisher of *Site Selection* magazine compiles a new plant database.

The new plant database tracks corporate locations that either involve a minimum **capital investment of \$1 million, create at least 50 jobs or add 20,000 square feet of new floor space**. Hospitals, schools, retail and government-owned facilities are not included in the database.

Texas had 424 economic development projects in 2010. And this total was 50 projects more than the 2009 level. Ohio was 2nd with 376 projects, followed in order by Louisiana (347), Pennsylvania (337) and Georgia (251).

While on the topic of plants, were you aware that production at the Toyota auto assembly plant in San Antonio was up 74% in 2010 over 2009?

It was a big rebound. **Toyota produced a total of 150,098 vehicles in 2010**, compared to 86,000 vehicles in 2009. The breakdown: 107,959 Tundras and 42,139 Tacomas in 2010. No Tacomas were produced in the Alamo City facility in 2009.

The production of the second truck was the key to the growth. **Toyota invested \$100 million at the plant** so it could assemble the Tacoma truck line. And the company **hired an additional 1,000 workers** to support the Tacoma line.

Toyota's total investment in San Antonio now stands at \$1.4 billion. Total employment is currently 2,800.

Activity is really picking up in the Austin apartment market. Occupancy is so dynamic that developers are beginning to build more units.

Andrew Shih, a director with Apartment Realty Advisors, said "the apartment absorption in Austin has been tremendous. Occupancies and rents have risen dramatically quarter over quarter. As a result," he continued, "**we expect the developers who have been on the sidelines for a number of years to start doing something again.**" Austin is one of the few markets encouraging developers to seek out land and break ground on new projects. In fact, a number of new apartment projects are underway as we speak.

When you add up all the state and local taxes that an individual pays, where does Texas rank compared to the tax burden in the other states? Not the best, but still pretty darn good.

A non-profit think tank, The Tax Foundation, regularly examines the taxes levied within each state. The foundation's latest report covers 2009. **It found that Texas is 45th out of the 50 states. Texans paid 7.1%.** Residents of New Jersey said the *highest* combination of income, sales, property and other taxes at 12.1%, as did New Yorkers. Connecticut was 12%. The lowest rate was Alaska's at 6.3%.

Well, does this mean that when push comes to shove, Texas leaders may raise some taxes during this current legislative session? You decide, after reading this quote in the *Los Angeles Times* attributed to Lt. Gov. **David Dewhurst**: **"People could stake me and Gov. Rick Perry on the ground and torture us, and we still would not raise taxes."**

Speaking of politicians, the upcoming presidential contest could result in an oddity that has not occurred in more than 100 years.

When you look at the long list of Republicans being mentioned as possible candidates to challenge President **Barack Obama** in 2012, one rare development stands out: **no sitting member of Congress is seriously considering a candidacy.** The last time this occurred was in 1904. South Dakota's Senator **John Thune** recently withdrew his name from consideration. One pundit theorized that he realized he would be the **only GOP challenger who would have to answer questions about some important votes between now and Election Day.**

Speaking of answering questions, **Dr. Louis Overholster** reminded us how Miss Alabama, in the Miss USA contest, answered the question "if you could live forever, would you and why." Her response: "I would not live forever, because we should not live forever, because if we were supposed to live forever, then we would live forever, but we cannot live forever, which is why I would not live forever."

Sincerely



Editor/Publisher