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Dear Client:

A significant development is occurring in the Austin area jobs picture. And, as you know, job dynamism is the driving force for economic gain.

For several months now, **new jobs have been created in the Austin metro and – importantly – have been filled.** As a result the ranks of the unemployed are diminishing. The numbers tell the story. And the story is: Austin's economy is improving at a very good rate.

Look at these latest figures. In February 2010, the unemployment percentage was 7.3%. A year later it had dropped dramatically to 6.9%. Perhaps more telling are the actual numbers, not percentages. **In February 2010, 66,100 were unemployed** in the 5-county Austin-Round Rock-San Marcos metro. **In February 2011, there were 62,700 unemployed.** This is in spite of the fact the metro's population continues to grow at a rate that is among the tops in the nation.

Compare this to other Texas metros. **San Antonio-New Braunfels unemployment went the opposite direction – it increased** from 72,100 out of work in February 2010 to 73,300 unemployed in February 2011. Dallas-Fort Worth-Arlington and Houston-Sugar Land-Baytown metros followed Austin's lead and charted smaller unemployed numbers, but **compared to Austin's 6.9% unemployed percentage, Dallas still had 8.1% and Houston 8.4% unemployed.**

The Austin area went into the recession later, emerged earlier and lost fewer jobs than most other major metros. Every month since March a year ago new jobs have been added in the Austin metro area. And in fact, one economist is suggesting the **Austin area's jobs may increase by a factor of 4%** when the 2011 final tally is totaled. This is important not just for job growth, but because this summer and fall the unemployed ranks are likely to swell with the **constriction of government payrolls, such as at the state and school district levels.**

As the Austin area's population swells, **it is imperative the economy keep pace by providing jobs to those who want them.** Economic activity flows from the dollars in the jeans of residents. This in turn leads to investment dollars in such things as homebuilding, new retail establishments, etc. And this cycle then results in the creation of even more new jobs. **It all starts with jobs, and the Austin area is doing quite well creating jobs as the rest of the nation struggles to climb out of a recession.**

In-migration accounts for much of the growth in the Austin metro. A new analysis drills deep enough to reveal which cities have sent the most people to the area.

Another factor in population growth is the births-over-deaths ratio. And, in a relatively youthful area such as Austin, this is a meaningful number. But those **moving here from other metros also make a big impact**, especially since many of them move into the workforce.

Tony DeLisi, with the Austin Chamber of Commerce, using USCensus Bureau data and other metrics, determined both the “inflow” and “outflow” of people from various metros and came up with a “net inflow” number. He then **ranked, by actual count – not percentages – the metros that sent the most people to the Austin metro**. He used data over four years between 2005 and 2008 to rank the Top 20 Net Inflow Metros.

Not surprisingly, the **biggest metros had the biggest net inflow of people** into the Austin metro area. But which metros? Which metro ranked #1 by a significant margin? New York? Chicago? Houston? Dallas? Wrong on all counts. **It was Los Angeles, with a net inflow to the Austin metro of 7,912.**

Coming in at #2 on the list of metros that sent the most people to the Austin area was **Houston, with a net inflow of 5,646**. Followed in order by **Dallas** (4,429), **New Orleans** (2,783) and **Riverside, CA** (2,677). But small metro **Killeen** (2,593) broke into the rankings ahead of much larger metros. One explanation might be that the large military base, Fort Hood, in Killeen may send a number of retirees to the Austin metro.

Then the big metros picked up the slack with #7 **San Diego** (2,374), **Chicago** (2,282), **San Francisco** (1,943) **Phoenix** (1,795), **Miami** (1,543), **New York** (1,513), **San Jose** (1,441) and **Washington DC** (1,360) following in order. The Texas metros of **El Paso** (1,324), **Corpus Christi** (1,243) and **Beaumont** (1,214) were next in line. Rounding out the Top 20 Net Inflow Metros: **Sacramento** (1,140), **Detroit** (971) and **Las Vegas** (955).

Detroit is an interesting story, if you can call serious problems “interesting.” The peak population in Detroit occurred in 1950 when the city counted 1.8 million residents. It ranked 5th in the nation. Its population has been going south, fast, in recent years. **Detroit saw its population drop dramatically — 25% — over the past decade**. Detroit’s population in 2000 was 951,270. **Last year Detroit’s population dropped to 713,777. Austin’s official city population in the 2010 census was 730,390. Austin city is now bigger than Detroit city.**

One final word about Austin. Amazingly, said DeLisi, compared to most other metros in the US that lost net population to numerous other cities, the Austin metro only had a **net outflow of residents to three cities, two of those in Texas** – nearby **Marble Falls** (net outflow of 347) and **Granbury** (net outflow of 5). The other city was Greensboro (net outflow of 38).

The Austin metro, according to USCensus figures, was the 3rd fastest growing major US metro during the past decade. And, as previously noted, population growth is continuing as we speak. Can the increase in jobs keep up with the growth of the workforce? Two announcements this week scream “yes!”

So far, the growth in jobs is in fact occurring at a pace faster than the population. The drop in unemployment referenced in the first story is Exhibit A. And, just two days ago – Wednesday, 3.30.11 – **Samsung Austin Semiconductor announced it will hire 300 workers for high-paying jobs between now and July.**

What type jobs are we talking about? Engineers. Technicians. This 300-person hiring spree is on top of more than 600 employees hired last year. By mid-summer, **Samsung should be writing paychecks for about 1,700 employees at its northeast Austin plant.**

This is all part of Samsung’s \$3.6 billion – that’s right, billion with a “b” – expansion of its existing plant. This is the most expensive construction project in Austin’s history and makes Samsung’s chip-making plant one of the biggest in the US. The ripple effect of this plant expansion and hiring will be felt throughout most parts of the Austin area economy.

Samsung’s hiring is a big deal. The news that broke Thursday, 3.31.11, is not yet a done deal, but it could be a bigger deal. **EBay/PayPal may hire as many as a thousand people locally over the next ten years** if the companies’ current planning comes to fruition. The Austin City Council next week will consider an economic development contract with EBay and its subsidiary PayPal that includes incentives. Can you spell h-o-m-e-r-u-n, if it is finalized.

A glimpse into the possible future of bicycle traffic in downtown can be found in the draft for a proposed Downtown Austin Plan (DAP).

The DAP was released in November 2010 and it includes wide-ranging recommendations for *all* forms of transportation and parking in downtown Austin. **The recommendations *just* for bicycle riders are far-reaching and they include more than just bicycle safety.** Such as:

Establish bicycle priority streets. These streets would provide facilities for all levels of bicyclists along key north-south and east-west corridors. **Introduce shared lane markings.** They are called “sharrows.” They would be introduced on streets where cyclists can safely share the lane with cars, trucks, etc. There are others, such as a proposal to **require shower and locker facilities in office development.**

You get the picture. The Downtown Austin Alliance can provide more detail.

The West Coast Pacific-10 athletic conference tried unsuccessfully to woo UT Austin to leave the Big 12. Now the Pac-10 is trying to emulate the Big 12's financial prospects.

As we reported last week (click on the “archives” button at the top of the page to review the 3.25.11 edition), **the Big 12 is nearing a cable TV agreement for football rights with Fox** that will more than triple the conference's revenue of its current contract. (Remember, UT Austin has its own exclusive TV partnership with ESPN.)

When the Pac-10 learned how much the Big 12 was expecting to make from its media rights contracts, **the Pac-10 was emboldened to pursue the “richest media deal of all the conferences,”** reports the *SportsBusinessJournal*. The Pac-10 is reportedly in negotiations with ESPN and Fox.

The price of football poker continues to go up. **The schools should benefit, the fans should benefit and even the advertisers will benefit, albeit by allocating bigger budgets to sports TV.** By the way, when it couldn't lure UT Austin into its fold, the Pac-10 settled for adding the University of Colorado and the University of Utah. So the Pacific 10 will become the Pacific 12 in July with the addition of Colorado and Utah.

With the South by Southwest music fest in your rear view mirror, it looks like one Austin music group may have become “the next big name to come out of Austin.”

At least that was the question posed by a national rock and pop music critic, **Jim Fusilli** in *The Wall Street Journal*. He raised the question of whether **Gary Clark, Jr.** was possibly the “next big music star” after catching the Oak Hill resident's shows at SXSW.

Noting that this week marks this newsletter's first edition of our 33rd year of reporting Austin insights and perspectives, **Dr. Louis Overholster** wasn't impressed by the longevity saying “Man learns from history that man learns nothing from history!” Uh, okay.

Sincerely



Editor/Publisher