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Dear Client:

**Since the first of the year, 169 homes in Travis County have sold for more than a million dollars. Wait a minute. Can that be during this time of difficult-to-obtain mortgages? Well, yes. Wait until you see how many of those million dollar mansions were sold for *cash*.**

Austin area financial institutions, by and large, have gobs of **money to loan**. Mortgage loan **interest rates are still hovering around all-time lows**. But the problem homebuyers are facing here, and around the country, are **tight/tough restrictions to obtain a mortgage loan**.

And that is compounded by the fact that, in many cases, **home appraisals are coming in a lot lower than what a willing buyer has agreed to pay for a home**. Horror stories abound about the difficulty encountered by buyers, sellers and their agents trying to close a home sale – even after the parties have agreed.

In this environment, take a look at these astounding numbers. From the first of the year through August 15<sup>th</sup> 2011, **of the 169 home sales that totaled more than a million dollars, 76 have been cash transactions. And those cash transactions totaled \$138,085,490**. This is amazing.

Many of these cash deals were big deals. In fact, **the top two cash transactions were \$6 million-and-change and just less than \$6 million**. And 24 of the cash sales had seven-figure closing prices that started with the digits 2, 3, 4, 5 and 6.

All but a few of these sales appear to be the standard “I’m paying cash so we can have a quick, hassle free closing. Will you take \$X-million for your house?” **And when the deals were done, the average discount off the current asking price was only about 6%**, compared to a “normal” sale discount of about 5%.

One interesting anomaly occurred. It was the single largest cash transaction to date in 2011 with a sales price of more than \$6 million dollars. **A giant 18,955 square foot waterfront home in an exclusive Spicewood golf course community was originally listed in early 2010 for \$16 million**. It languished on the market, and when it didn’t sell, **it was put up for auction in early 2011**. The opening bid was set at \$3,500,000 and brisk bidding ratcheted up the final sale price before the gavel fell. So, the cash buyer purchased the house for \$10 million less than the original list price.

**When you analyze the fastest-growing age groups in the Austin area, you see an interesting change in the population mix just a few years down the road. The people in Austin are aging at the nation's fastest pace. Ponder this for a moment.**

The Brookings think tank examined “aging and younging” trends in the 2010 USCensus and came up with one very interesting result as it relates to the Austin area. And besides what it tells you about Austin today, it could have an even more important impact in the coming years. **The vibrant, youth-oriented Austin area is aging – at a rapid rate.**

In fact, you could conclude that Austin may be facing a “senior explosion.” According to Brookings, **“the next wave of senior growth will literally explode** as the leading edge of baby boomers, who increased the 55-64 population by 50% last decade, begin turning age 65 this decade.”

And Austin leads the pack. **The Austin area ranks #1 in the nation for the fastest growing “pre-senior” (age 55-64) population.** Even more important, this Austin age group is growing at more than twice the national average. Brookings points out that during the last decade, **Austin's pre-senior population increased by 110%.** No other metro area surpassed 100%.

Not only that. The problem is compounded still further. As those pre-seniors pass the age 65 mark, they will join the 65+ seniors already in the Austin area. And, get this, **the Austin area seniors grew the last decade at the 2<sup>nd</sup> fastest rate in the nation – an increase of 53%.** Do the math. It's going to get crowded at the upper end of the age spectrum.

Okay, then. What about those under age 45? Are they going to disappear? **Will the Austin area become a Hill Country version of a shuffle-board-playing Florida retirement community?**

Oh, no. Not a chance. Why? Because at the same time the population of pre-seniors and seniors is increasing at a breakneck speed, **the growth rate of the under age 45 group is also among the fastest in the nation.** The Austin metro ranks #4 in the nation in the growth of this segment — increasing at a 45% rate the last decade. So part of the Austin area should continue its youth-oriented culture.

**However, the big story is that the Austin area's senior population is growing to unprecedented levels.** The entire baby boom generation is now past age 45. This specter of a rapidly-aging society is now a front-and-center issue for the metro area's policymakers, politicians and baby boomers themselves.

**Consider issues that will grow in importance:** medical care, retirement programs, and a host of public and private services that must be adapted to an older population. Challenges abound.

**Good news for harried Austin air travelers: starting next week, you'll get more money if you are bumped from an oversold flight.**

The changes go into effect Tuesday, 8/23/11. Here's what you can expect. If you face a short delay, you can get **double the price of your ticket, up to \$650**. If you are faced with a longer delay after being bumped, you could be compensated up to **four times the value of your ticket, up to a limit of \$1,300**.

Also, if you are **stranded on an airport tarmac**, the new regs now include 303 smaller airports. And the regs have been expanded to include foreign carriers operating in the US. Additionally, if an **airline loses your bags you will not only receive the money owed for lost bags, but any baggage fees** you may have paid will also be refunded. And the airlines must do so promptly. Check with the airline, or whoever books you on your next flight, for the specifics of the new rules.

**With a few exceptions, retail sales in June 2011 showed a marked uptick throughout the Austin area compared to the same month the year before.**

Sales tax collections include items not considered part of the retail sector, but in general terms, sales taxes are a reasonably **good measure of how retailers are faring**. And, if you analyze the latest totals collected by the State Comptroller, then rebated back to the local communities, you can see some impressive increases over the previous year.

**Fast-growing Bee Cave led all communities in Central Texas with a 21.4% increase in sales taxes**, followed closely by **Kyle (+18.3%)**. Next in line: **Pflugerville (+16.5%), Bastrop (+15.2%), Cedar Park (+13%), Austin (+12.7%), Sunset Valley (+11.6%), San Marcos (+7.4%), Leander (+6.4%) and Marble Falls (+6.3%)**.

Retailers in three other communities in the Austin area did not do as well as they did a year ago in June. **Two are in Williamson County – Round Rock (-14.9%) and Georgetown (-3.1%)**. They were joined by **Buda, in Hays County (-7.2%)**.

Here's how the release of these numbers works: the taxes are **collected locally in June**, then **sent to the state in July**, with the **rebate back to the cities of their portion in August** when the numbers are released by the State Comptroller. So these are most recent available.

As a result of the lag time, the exact impact of the back-to-school sales tax holiday this weekend will not be known for a couple of months. **Retailers will not be collecting the sales tax on certain items, so the cities and state will suffer a bit**. But retailers should nevertheless see a nice boost to their bottom line as customers flock to the stores for a buying spree.

**One way to measure the value of a college degree is to compare how much it costs to earn it to what must be paid at another institution. How about comparing a graduate's salary to what the degree cost? UTAustin ranks as the second best value in the US using that metric.**

*SmartMoney Magazine* thought that would be an interesting project so it teamed with PayScale, a compensation data company that maintains **salary profiles of 29 million workers**. And they developed what they call a "**Payback Score**."

So how does this work? First, you take what graduates paid in tuition. Then, compare that with their salaries. **If a graduate paid \$100,000 to attend college and is now earning \$150,000 a year, the graduate's Payback Score would be 150.** So, the higher the score the better.

**UTAustin ranked #2 in the US with a 194 Score.** Georgia Tech nailed down the #1 slot with a Payback Score of 221. In general, the survey found that **public universities yielded a higher return on a student's investment**, using a football metaphor to reinforce its finding: "If our payback survey were a football game, **the public schools would be spiking the ball in the end zone and kissing the mascots.**" (Kissing Bevo? Um, not sure about that.)

According to the report, **Paul Ott**, a Dallas father counseled his son to go to a public college. Then, during freshman orientation, another dad shared information on how Texas helped his son land a well-paying job in computer science at a Houston oil services firm after a summer internship. "**The fellow said his son is making more money straight out of college than he did after 30 years,**" Ott recalled. Both the elder and younger Ott said they'd be more than happy with a graduation present like that. The president of UTAustin, **Bill Powers**, said "A college degree is a lot more than a financial return, but a good one certainly doesn't hurt."

**Dr. Louis Overholster**, noting the number of freshmen and sophomores that could be playing for the Texas Longhorns football team, said the main injury he was concerned about was diaper rash!

Sincerely



Editor/Publisher