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Dear Client:

“The love affair urban planners have for a future ruled by mass transit will be obscenely expensive and would not reduce traffic congestion,” according to a transportation consultant who weighs in on what he called a “War on Suburbia.”

He further says that “higher population densities in the future mean greater traffic congestion, because additional households in the future will continue to use their cars for most trips.” The consultant cites two laws (a global warming act in 2006 and an urban planning law in 2008). He said a major newspaper wrote that the urban planning law was intended to **“control suburban sprawl, build homes closer to downtown and reduce commuter driving**, thus decreasing climate-changing greenhouse gas emissions.” **“In short,” the consultant says, “to discourage automobile use.”**

Some will say **“this sounds like Austin.”** But, it’s California and the transportation consultant is **Wendell Cox**, who served three terms on the Los Angeles County Transportation Commission. California has long been viewed as a trend-setting state and Austin city leaders have long studied California developments. **Is Austin heading down this road?**

If so, Cox says “if the planners have their way, **68% of new housing in Southern California by 2035 would be condos and apartment complexes** (and) the state’s famously unaffordable housing could become even more unaffordable.” He cited an economic study that documented **“the strong relationship between more intense land-use regulation and exorbitant house prices.”**

His commentary in *The Wall Street Journal* quoted another study that showed a disproportionate share of migrating households in California is young. “This is at least in part because **it is better to raise children with backyards than on condominium balconies**,” he noted. Then he concluded with this comment: **“A less affordable California, with less attractive housing could disadvantage the state as much as its already destructive policies toward business.”**

Continue reading. You’ll find an interesting analysis that looks at the current **median price of a home in the Austin metro** (affordability?), as well as what is happening in the local construction employment market.

**How do Austin home prices compare with those in other major cities around the state?
By one measure, they are higher than the other vibrant Texas metros.**

The median price of homes in Austin continues to rise – at a slow, measured pace. **In fact, the median price of an Austin home was up only 1% year-over-year from 2010 to 2011**, according to the Real Estate Center at TexasA&M. San Antonio's median price also moved upward by 1%, while Dallas' and Houston's median home prices were flat during the same period. But an important part of Austin's median price bears special mention.

Of the four major metro areas in Texas, Austin's median home price was the highest. As a matter of fact, it was the highest in the state of Texas except for two high-dollar suburbs (Collin County northeast of Dallas and Fort Bend County southwest of Houston).

Austin's median home price in 2011 was \$191,200. This is significant. Consider the median home price in Dallas was \$158,500 ... Houston, \$153,200 ... and San Antonio, \$151,000. No other area of the state, except for the aforementioned Collin and Fort Bend counties, has a median value approaching that of Austin. In fact, some of the smaller metros have a median price less than half that of Austin.

Austin homes have appreciated in value and they continue to appreciate. This is good and this is bad. **It's good (especially for sellers and homeowners) because home prices continue to rise. It's bad because Austin homes are becoming less affordable** (see the California reference in the previous story).

You'll recall there was no statewide price *bubble* during the boom, therefore there was no statewide price *bust*. This was a good thing and it separated Texas from many of the former statewide go-go states. So, what about this year – 2012? **For 2012, the statewide median price is expected to increase 1% to 2% to between \$150,000 and \$152,000**, according to estimates from the economists at the Real Estate Center at TexasA&M.

The TexasA&M real estate economists say there is reason to expect that the **remainder of 2012 will be the beginning of a general economic and housing upturn.** Sales and new construction should be showing signs of expanding and prices should stabilize.

Austin – if it simply keeps up with the pace of the rest of the state – will continue to lead the big metros in the median home price. Again, this is both *good* and *bad*. But, by most economic measures, Austin will continue to be among the nation's leaders in economic activity. **So you can expect the median home price to rise in Austin faster than in most of the state.**

These gains should carry into 2013, indicating sustained market improvement.

The median price (half higher and half lower) of homes sold in Austin is different from the average price.

Austin's median price in February 2012 was \$195,000, but **the average price was \$253,240.**

One indicator the Austin market is improving is the increase in construction employment.

When the economy slows, the hammer slammers are among the first to lose their jobs. **Financing dries up, nobody is buying or leasing, and construction skids to a halt.** So, conversely when the economy ticks upward, construction begins again. This is what is happening now in Austin and around the state of Texas.

The latest figures available are from February 2012. When you look at these numbers, compared to February 2011, you find **the number of construction jobs in the Austin area rose 6% in this one-year span.** This equates to about 2,500 workers – not an insignificant increase.

Texas chalked up the same increase for the same timeframe – 6%, or about 43,000 additional jobs. By the way, the Austin area was one of 171 regions out of 337 nationwide that logged an increase in the number of construction jobs, according to employment data released by the Associated General Contractors.

Interestingly, one of the past drivers of construction jobs came in projects from the public sector. This was especially true in Austin where government agencies are an important part of the employee base. But in this case, **the increase in construction employment appears to be driven by private sector projects.**

Formula 1 Update: a deep-pockets Austinite has agreed to invest in the project and the F-1 promoters are seeking additional parking for the raceway under construction in East Austin.

One of only two Austin billionaires, **John Paul DeJoria**, joined San Antonio billionaire **Red McCombs** as an investor in the project. DeJoria made his fortune in Hair Care Products (Paul Mitchell line of products) and high-end tequila (Patron Spirits), which, coincidentally is the title sponsor of the American Le Mans racing series.

Additionally, the Formula 1 promoters say they're considering **sites along IH35 in the Kyle and San Marcos areas where visitors can leave their cars and catch shuttles to the track.** Promoters say the track will draw up to 1.2 million visitors each year. They also expect to shuttle visitors from lots near the Capitol and in northeast Austin. The first race is November.

If you've been discussing – or cussing – the actions of the Austin City Council, you have an opportunity to step up your involvement in less than a month.

The majority of the City Council seats, including the mayor's, will be on the ballot on Austin's General Municipal Election, May 12th 2012. Early voting starts right away, April 20th, and runs through May 8th. **Each seat is contested and all four incumbents are seeking re-election.** Here's how the ballot stacks up:

MAYOR: **Lee Leffingwell** (incumbent), **Brigid Shea** and **Clay Dafoe**.
COUNCIL MEMBER, PL. 2: **Laura Pressley** and **Mike Martinez** (incumbent).
COUNCIL MEMBER, PL. 5: **John F. Duffy**, **John A. Rubine**, **R.A. "Bo" Prudente**,
Audrey "Tina" Cannon, **Bill Spelman** (incumbent), **Dominic "Dom" Chavez** and
David Y. Conley.
COUNCIL MEMBER, PL. 6: **Sheryl Cole** (incumbent) and **Shaun Ireland**.

You can find out more about the candidates because **each candidate was given the opportunity to make a video statement, pitching why the candidate felt you should elect him or her.** To view any of these videos, you can go to www.austintexas.gov/vote. Following the listing of each race, you can click on a link to view the individual candidate videos.

Incidentally, the website mentioned in the previous paragraph has a wealth of information about the upcoming municipal election, including **provisions for students and military/overseas voters, the location for polling places where residents can cast ballots, and voting by mail.**

An interesting backdrop for this voting is the unsuccessful push to move the municipal election to coincide with this fall's presidential election. The argument was that this would result in a larger turnout. **Cynics argued the reason the election was *not* moved was to keep the turnout lower,** so City Hall activist interest groups would have a greater impact on the results.

Dr. Louis Overholster defines politics as the art of looking for trouble, finding it, misdiagnosing it and then applying the wrong remedies!

Sincerely



Editor/Publisher