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Dear Client:

Two percentages – 21% and 5.9% — dramatically indicate the vitality of the Austin area economy and the gap between most of the rest of the country. The percentages relate to the strength of the area economy – home sales and jobs. It doesn't get more basic than this.

While there were a number of factors triggering the recession that rocked the US, the **collapse of the housing market nationwide** is generally regarded as the underpinning that pushed along the falling dominoes. And when this happened, the **ranks of the unemployed rose significantly as jobs disappeared**. Jobs and housing are intricately linked. Nowhere is that more obvious than in the Austin metro.

Ponder this percentage: during August (the most recent month where figures are available), **Austin area home sales surged 21%**. This is huge. But just as important, this is the **15th consecutive month that sales have increased** over the same month in the previous year. Talk about a positive indicator!

Another percentage: **the Austin metro's unemployment percentage dropped to an impressive 5.9% in August**. Not only that, more than 4,000 workers found jobs in the metro area in August – which makes it doubly impressive. Statewide, the unemployment rate is 7.1% and nationally, it is 8.1%.

Why is the Austin area doing so well in residential home sales while other areas lag behind? After all, the same laws for the purchase of a home apply all over the nation. The regulated financial institutions have guidelines that make it difficult to qualify for a loan, even though interest rates are very low. The answer: A strong economy is the key (translation: a lot of jobs are being created and they're being gobbled up by the steady stream of folks moving here). There's that job thing again.

One impact of this activity is that **it is still a home-seller's market**. There are 17% fewer homes for sale in the area than a year ago and pending sales are up 23% over August a year ago. Not only that, **the homes sold during August stayed on the market only an average of 61 days**. A year ago, the average home was listed for sale for 80 days before a contract was accepted.

The summer selling season has ended. Keep an eye open to see if this trend holds.

It's not just *residential* real estate impacted by a healthy jobs market. Obviously *commercial* real estate is also feeling the effects.

It's getting harder and harder to find office space to lease and the rates for the available space continue to go up. As the 3rd quarter winds down, **occupancy of top-flight office space reached 85.8%, compared to 81.7% at this time a year ago.** And, of course, the more scarce the space, the higher the lease rates — **\$29.90 per sq.ft. now, compared to \$28.23 a year ago.**

This continues a robust trend that's been in place for about two years now, reports Oxford Commercial. **And new office construction is sure to follow** – especially in the downtown area where major developers have already announced plans to build office towers.

A significant job-creation tool to convince companies to invest – or expand – facilities in the Austin area and throughout Texas for that matter, is a tax break that will be considered for continuation when the Texas Legislature convenes in Austin in about 90 days.

The tax break is commonly referred to as Chapter 313. Without going into the intricacies of the state legislation, it allows steep discounts on school property taxes for companies that meet certain qualifications. The discounts are temporary. **The law allows school districts to defer taxes for eight years before a company's property goes on the tax rolls at full value.** Chapter 313 will expire at the end of 2014 unless the legislature acts to extend it.

How important is it for the Austin area? Let's use Samsung as an example, already one of Travis County's largest taxpayers. Remember Samsung announced a major expansion for its northeast Austin fab plant, saying it is investing \$13 billion (billion, with a "b") over the next five years. **Last year, Chapter 313 saved Samsung \$14 million and the South Korean giant is projecting it will save \$30 million this year.**

A couple of weeks ago, the Select Committee on Economic Development met to consider what it will recommend for Texas' economic development incentives. **A Samsung representative testified Chapter 313 was vital for its continued success in Austin.**

In addition to its historic investment to date in the Austin area, Samsung revealed that – barring unforeseen circumstances – **it could invest *another* \$10-\$15 billion (billion, with a "b") on top of its current commitment.**

And the spokesman made it very clear that **to get this future investment in Austin, Samsung would need for Chapter 313 to be extended beyond 2014.**

Add this to your "watch list" for the legislative session that starts in January.

Official enrollment at UTAustin is inching up. In fact, right now, the student population on the Forty Acres is the 2nd largest in its history. And the totals show no signs of peaking.

If you've driven around the campus or in the vicinity of apartments favored by students, you know something about the **burgeoning student population** – not to mention if you've tried to get a meal or beverage at any of your favorite haunts frequented by students. Yep. They're back and the impact is considerable on parts of Austin

And if the students you've come into contact seem a bit younger, you're right. (Though for some of us, as the years go by, they seem to get younger all the time!). **The largest freshman class in UTAustin's history enrolled this fall.** First-time students totaled 8,092 – a **13.2% increase from a year ago.**

This pushed the total enrollment for the 2012 fall semester to 52,213 students, the 2nd largest enrollment at UTAustin in its history. To put this into perspective, UTAustin is among those universities with the largest enrollment of any single campus in the entire US. **Arizona State University** in Tempe and **Ohio State University** in Columbus have larger enrollments.

When you consider the record-setting size of this semester's UTAustin freshman class, it's easy to surmise **the student population a year from now could be higher still.**

UTAustin has recorded a historic milestone – this one moves it into a rarefied academic stratosphere.

One of the benchmarks of prestigious academic excellence for a university is to be the home of a National Science Foundation (NSF) research center. These centers complement America's system of national labs. So far, this designation has eluded UTAustin – until now. It was recently announced that an NSF **\$18.5 million grant was awarded to UTAustin for a nanosystems engineering research center.**

How big is this? Listen to President **Bill Powers**: **“Nanotechnology is one of the most important frontiers there is.** Nanoscale breakthroughs will usher in inventions and solutions we can only dream of today, and thanks to the National Science Foundation and our academic and corporate partners, **The University of Texas at Austin will be right at the cutting edge.”**

Powers continued: **“The Nanomanufacturing Systems for Mobile Computing and Mobile Energy Technologies (to be known as NASCENT) will develop innovative nanomanufacturing, nanosculpting, and nanometrology systems that could lead to versatile mobile computing devices such as wearable sensors, foldable laptops, and rollable batteries.”**

Austin has one of the hippest neighborhoods in the nation. No, it's *not* South Congress (SoCo) or South Lamar (SoLa) or the warehouse district. This Austin 'hood is ranked #7 in the US.

Forbes magazine has made a cottage industry of ranking anything-and-everything. Now they've released a brand-new ranking category. To come up with the **hippest hipster neighborhoods in the US**, *Forbes* partnered with Nextdoor.com and Walkscore.com to compare 250 US neighborhoods.

And after looking at a number of "hip" neighborhoods in Austin, the one that is **ranked #7 in the nation is – tah-dahh! – East Austin.**

What are the criteria used to determine the hippest of the hip? *Forbes* used such categories as walkability, coffee shops per capita, locally-owned bars and restaurants, food trailers, those working in "artistic" occupations and the number and frequency of farmers markets.

Nextdoor.com also has a "hipness" index that was factored in. This index counts how often words associated with hipness appear in connection with the neighborhood — words such as art, musician, designer, gallery, etc.

It specifically cited such things as **food trucks that park outside bars and music venues every night** and some highly-rated Mexican food places.

If East Austin is #7, which US neighborhoods rank higher? Maybe not surprisingly, all but one are on either Coast: #1, **Silver Lake, Los Angeles** ... #2, **Mission District, San Francisco** ... #3, **Williamsburg, Brooklyn** ... #4, **Wicker Park, Chicago** ... #5, **Pearl District, Portland** ... and #6 **H Street Corridor, Washington DC**. Following #7 East Austin: #8 **Capitol Hill, Seattle** ... #9 **The Uptown, Oakland** ... and #10 **Warehouse District, New Orleans**.

Dr. Louis Overholster is convinced that to err is human – and then to blame it on a computer is even more so.

Sincerely



Editor/Publisher