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Dear Client:

The phenomenal population explosion in Austin is well-documented. But what about the increase in population in the smaller cities in Travis County? While not in the spotlight so much, they are powerfully impacted by skyrocketing population increases.

Just look at the hammer-slammings underway in western Travis County, especially around the **relatively-new small towns of Bee Cave and Lakeway**. Trucks hauling residential and commercial construction supplies are crowding the main arteries of RM 620 and Hwy 71 fighting for roadway space with private vehicles. And the pace of population increase shows no sign of slackening.

In fact, the city manager of Bee Cave was quoted recently as saying “**I don’t see (the growth) slowing down in the next five years**. I see it continuing at this rate. It’s not just Bee Cave, it’s the whole area.”

But if it continues, **some of this increase will spill outside the city limits of these affected cities into Travis County proper**, where zoning and construction regs are oft times not as stringent as city-imposed regs. As a matter of fact, the city manager of Lakeway said his city will probably see a **decline in new housing permits as a result of residential areas being built out**. But he doesn’t see a slowdown in the area in general.

The population wave is moving west of Bee Cave and Lakeway, generally along Hwy 71 toward the Burnet County line. At this stage, it generally stops at the natural barrier of the Pedernales River in the Spicewood area. But infill is occurring up to that point.

There are a number of reasons for the surge in this area. First of all, **the Lake Travis Independent School District is one of the highest-rated in the state**, vying with the acclaimed Eanes School District in the West Lake Hills and Rollingwood area.

Another big reason: reasonably-priced housing – especially attractive to young families with kids who are drawn to the magnets of growing commercial enterprises (grocery stores, movie theaters, etc) as well as the beauty and recreational activities of the lake and hills. Now check the next item about under-reported growth in the much-older towns of Buda and Kyle.

An avalanche of new people can cause problems for any city. But what if the city is small, more than a hundred and fifty years old and has a recent history of, to put it gently, no growth? It's interesting how the Austin suburbs of Buda and Kyle are coping.

In the previous story we referred to Lakeway and Bee Cave as “relatively-new small towns.” Even though Lakeway started from scratch back in the early 1950s. **Buda and Kyle were both settled in the 1880s.**

These older small towns have a “sense of place.” **They have long had a unique “feel” that comes from older buildings and an ingrained Texas history with a sense of preservation.** They don't want to look – or act -- like other cities that have been homogenized. So, facing an onslaught of new residents, it is interesting how these Travis County communities are coping.

Buda estimates its current population at about 9,000. Based on that estimate, the city's population has increased more than 270% from the 2000 census figure of 2,404. Research economist **Harold Hunt** reports Buda found that about 80% of its workforce travels outside the city to their employment destination – a brain drain, if you will.

A 2013 Texas Transportation Institute study showed that if nothing changes by 2035, **the 12-mile commute from Buda to South Austin will take 119 minutes in the morning and 157 minutes in the evening.** So, Buda – in order to keep more of its new residents involved with the community – recruited a USFood office/warehouse operation to provide jobs for 250. USFoods got a better quality of life for its employees.

Kyle has grown from a population of 5,314 in 2000 to more than 30,000 today. This represents an increase of more than 460% during the past 14 years. Like Buda, Kyle had about **80% of its residents commute outside the city for employment.** Kyle, too, has sought employers to keep workers living in Kyle, rather than commuting to Austin (that would take more time than from Buda, as mentioned above). With 810,000 sq.ft of medical space, Kyle is fulfilling its objective.

The Kyle mayor is quoted by Hunt as saying “the city has been able to shift its focus to the **downtown streetscape, remodeling and restoring city hall, and allowing more mixed-use development.**”

A lot of the population growth in Buda and Kyle is happening as it s new residents seek an affordable quality of life, as Austin's cost-of-living escalates. The intriguing thing about these **two “old settler” towns is they are striving to maintain their “sense of place” in the midst of this burgeoning growth.** They are seeking businesses and residents who are vested in their two communities. Not many cities can accomplish this in the face of overwhelming growth.

An update on a couple of economic indicators – jobs and home sales -- shows the Austin area continues to keep its nation-leading momentum.

Each of these updates reads like the same verse of the same song. Obviously, this is good news because **the Austin area economy has been rolling along in high gear for some time now and the trend is in a positive direction.**

Take jobs. **The most recent jobless numbers are the best in more than six years.** Without going into percentages and comparisons as we usually do, suffice it to say the jobs picture is exceedingly bright.

Take home sales. **A good job market is a strong driver of a good housing market.** In fact, the latest numbers – an all-time high in June -- indicate the 2014 totals could surpass the record set last year.

No need to go into more detail. (You might think you're reading stories from previous newsletter editions!) But, when you look ahead at the current economy, **the indicators suggest these trends will continue in the immediate future.**

Speaking of jobs, 9.8% of jobs in the Austin area fall into the Science, Technology, Engineering and Math (STEM) categories, the highest among major Texas metros, according to tracking site Nerdwallet.com. But the ratio between salary and rent is not as good in Austin as it is in Houston and Dallas.

STEM job seekers in Austin can make about \$79,433 a year, but the average rent is about \$978 a month, reported Nerdwallet. **The salary/rent ratio in Dallas is \$81,215/\$877 and in Houston it calculates to \$94,766/\$873.** Quite a separation between Austin and the two bigger Texas metros.

New technology may help you get better hurricane forecasts during the hurricane season that runs from now to the end of November.

The National Hurricane Center (NHC) will issue flood warnings whenever a hurricane watch or warning is posted. **Flood warning updates for at-risk areas will be issued four times daily until the storm passes.** This is especially important for cities along the Texas Gulf Coast as flooding is one of the most damaging threats posed by tropical weather systems.

Another tool from NHC's more powerful computers is going to be used this hurricane season. It will help meteorologists to **sharpen the accuracy of where the storms will make landfall.**

Hang on. As you know air travel has been getting costlier. Well, you'll be paying even more starting this week. The government isn't just raising the mandatory security fee, it is more than doubling it for some travelers. It has to do with a new definition of a "flight."

Let's try to explain it. Under the previous Transportation Security Administration (TSA) fee structure. You paid \$2.50 for a single leg of your flight and there was a cap of \$5 on any one-way ticket. **So you paid at most \$10 for any round-trip flight.**

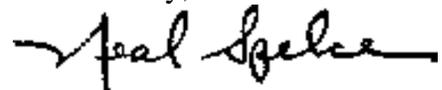
The author/founder of TravelPulse.com, **Mark Murphy**, says the new TSA fee raises each leg to \$5.60, *but puts no cap on the total you can pay based on layovers.* And, get this: any flight that has a connection with a layover of more than four hours domestically will incur an additional \$5.60 fee. **"For example,"** Murphy says, **"if you booked a round-trip ticket that includes two connections lasting more than four hours, the TSA will hit you with a total fee of \$22.40."**

Frequent flyers out of Austin-Bergstrom International Airport (ABIA) know many long-haul flights from ABIA have dropped non-stop flights and deployed more regional aircraft requiring connections. **Many of these connections could end up counting as multiple stand-alone flights, based on layover times.**

The biggest issue of this latest TSA fee comes down to a definition of a one-way flight. **"The TSA is redefining it based on an arbitrary layover time of four hours on a domestic flight or 12 hours in a domestic airport while traveling to an international destination,"** said Murphy. "These flights will now be considered a separate leg of your trip, even though the airlines still treat it as a one-way ticket." If you thought this increased fee will make air travel safer, think again. The fee goes to reduce the overall deficit, not to better airport security.

After Texas Governor **Rick Perry** this week started sending 1,000 Texas National Guard troops to the border with Mexico to help slow the influx of immigrants, **Dr. Louis Overholster** said if we really wanted to slow immigrants coming into the US, we should transfer the staff of the Transportation Security Administration (TSA) from US airports to work the border!

Sincerely,



Editor/Publisher